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Latin America Report

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14 JULY 1986

LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

CONSUL ON BOLIVIA-CHILE RAPPROCHEMENT EFFORTS

Santiago ERCILLA in Spanish 14-20 May 86 pp 10-11

[Interview with Jorge Siles Salinas, Bolivian consul in Chile, by M.V.; date and place not given]

[Question] Obviously, both Chileans and Bolivians have witnessed a new stage in the closer relations between our two countries. What in your view is the real scope of the statements made by President Paz Estenssoro concerning the need to initiate a new, modern, realistic and imaginative policy?

[Answer] Indeed there is a desire for greater closeness. This means nothing more nor less than that the existing freeze has come to an end. Now we are moving closer together, and we are defining common problems and the best ways of resolving them.

There is a specific intent on the part of the Bolivian government to be more open in its approach to creating the atmosphere which will make it possible to achieve Bolivia's final goal, which is a sovereign outlet to the Pacific Ocean. President Paz Estenssoro's words indicate consideration of the situation from viable points of view. It is not a question of continuing to theorize on the subject or removing the facts of the past, but of starting from the present situation.

When factors of a juridical, historic or background nature dating back to the colonial era are taken into consideration, radically opposed viewpoints always develop. On the other hand, if an effort to find pragmatic solutions is being made, imagination, which also requires creativity, is needed.

[Question] The president also spoke of refreshing the atmosphere.

[Answer] Certainly, since while many aspects must be considered, the truth is that never, on the international level, has a problem been as difficult to resolve as the age-old Chilean-Peruvian-Bolivian conflict. I mention Peru because it is a fact that the relations of both Chile and Bolivia with Peru are good, so that it is necessary to approach the problem trilaterally.

We must speak with absolute sincerity and pursue a transparent policy, in which viewpoints are set forth in real and conscientious fashion.

[Question] From the way in which the process of drawing closer is being pursued, one gets the impression that Bolivia has to some extent set aside its multidimensional approach in order to deal with the problem on the basis of a more direct, bilateral approach. Is that true?

[Answer] I do not think that these are exclusive approaches. This is a matter which is of international importance and a certain complexity, such that one cannot do without either approach. I think that a broad and positive attitude toward things cannot result from a single perspective. It is necessary to bear national viewpoints in mind, but one must consider the international position too.

In the case of Chile, with which relations have been painfully suspended since 1978, it is necessary to be realistic and to take into account the national positions. But then it is also necessary to consider the provisions of the 1929 treaty, which refers to the problem. And finally, one must take into account the suggestions of others, such as the Organization of American States, for example, not in the sense of international pressure, but in brotherly fashion, in a spirit of Latin American harmony. This is perfectly legitimate.

[Question] But the process of approach, rather than being political, seems at present to be working toward indirect forms of agreement, as in the case of economic integration or transportation.

[Answer] The important thing is that the process of moving closer is occurring. Thus all of the efforts to establish a Chilean-Bolivian chamber of commerce, for example, the work of the consulates (quite recently a Chilean consulate general was established in Santa Cruz de la Sierra, and the establishment of a Bolivian consular office in Iquique has been authorized), and the establishment of regular flights between the two countries--all of these things are very positive. And important, because in the end they will lead to the necessary intensification of bilateral relations.

[Question] And what does the ordinary Bolivian citizen think of this rapprochement?

[Answer] Unfortunately, to speak frankly, there has been a great deal of frustration. We have tried many times to achieve positive results, but regrettable interference, disinformation and adverse circumstances have caused our good intentions to fail, harming both countries.

To go back a bit in history, we saw diplomatic relations suspended in 1963 because of the dispute over use of the waters of the Lauca River, related to Bolivia's demands as a landlocked country. Then, 12 years later, in 1975, although the two countries did not have diplomatic representations on the embassy level, a major move toward closer relations was launched by some very positive initiatives. But they lasted only 2 years, and relations were again broken off in 1978.

Now, I believe, we have taken a great step forward with the raising of the representations in both countries to consulate general status. Perhaps this

is a first move toward the reestablishment of diplomatic relations. I must recall that in 1969 a similar step was taken on the initiative of Julio Adolfo Siles and Eduardo Frei, who were the two presidents then. They assigned ambassadorial rank to the consuls general for certain specific purposes.

[Question] Here in Chile, your appointment was welcomed with special pleasure. However, in the Bolivian parliament, Minister of Foreign Affairs Bedregal objected to your appointment. What happened?

[Answer] It was natural that differing points of view would arise. There were those who said that the fact that I had been in contact with the Chilean reality might be a negative thing. But I think that it is positive rather than negative thing, since there are factors which bring me closer to Chile. Thus, without ever abandoning my Bolivian position, which I could never renounce, I must seek points of contact which can facilitate the closer relations between our two nations. I can more easily be a helpful bridge because of my knowledge of the Chilean reality.

Naturally, in holding a diplomatic post, I represent Bolivia and I act in such a way as to be able to negotiate in defense of the interests of the Bolivian state. But this does not prevent me from understanding that I have links with a country to which we are bound by real ties which facilitate our relations.

Now I must explain something. For Bolivians, there is no issue as important and basic, none which makes us so vulnerable or on which there has been such persistent action, as the problem of our landlock situation. In this connection, we have a vital anxiety which does not exist in Chile, and therefore is not a key problem there. For the Bolivian citizen, on the other hand, and I include myself, it is, I reiterate, a vital concern. This does not mean that it is not a basic issue for Chile, because it is in the highest interest of the citizens of Chile to have it properly resolved.

[Question] Is this the reason this new and indirect form of approach has been accepted?

[Answer] I believe that the anxieties and frustrations which have developed should be made to lead to the resumption of negotiations on the basis of the advances already achieved. However, I think that we must find a way to deal simultaneously with economic and political affairs. Because the political issues are, obviously, the determining ones.

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CSO:3348/631

14 July 1986

INTER-AMERICAN AFFAIRS

CHILE-ARGENTINA COOPERATION PROJECT UNDER STUDY

Santiago LA TERCERA DE LA HORA in Spanish 15 May 86 p 4

[Text] With the help of the United Nations Development Program (UNDP), the International Studies Institute of the University of Chile will carry out a project to "identify opportunities for cooperation and integration between Chile and Argentina," which will establish priority areas.

The project, headed by Professor Francisco Orrego Vicuna, will cost \$95,000. It will take approximately 9 months and will cover juridical, institutional, administrative, commercial, investment and material-infrastructure aspects, among others, complementing the work of the Executive Secretariat for Economic and Material Integration.

This secretariat, headed by Brig Gen Ernesto Videla, became a reality with the initialing of the Peace and Friendship Treaty with Argentina, which ended a lengthy historical controversy between the two countries.

The details of this undertaking were revealed at a press conference held by Brigadier General Videla, Pierre den Bass, representing the UNDP, Professor Orrego Vicuna, and the five project consultants.

They reported that the project will be coordinated with private, public and academic institutions in different parts of the country, as well as the Argentine bodies and international organizations involved in the process of cooperation between the two nations.

Sectorial studies conducted by the expert consultants will serve as the basis for the drafting of binational project outlines for priority topics and the formulation of eligibility criteria to be applied to joint projects and programs.

The resident representative of the UNDP, an organization which supports subregional and regional integration and development efforts, stated that the UNDP is supporting the project in response to a request made by the Chilean government, and based on the possibilities found to exist following the signing of the treaty.

He indicated the interest of the UNDP in the development of subsequent integration projects on the binational level between Chile and Argentina as this initial national initiative advances.

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CS0:3348/631

14 July 1986

INTER-AMERICAN AFFAIRS

GUATEMALAN BUSINESS SECTOR CALLS FOR OPPOSITION TO NICARAGUA

Guatemala City EL GRAFICO in Spanish 8 April 86 p 8

[Text] Attorney Pedro Miguel Lamport, president of CACIF [Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (Umbrella group of employer organizations)] said yesterday that the government of Guatemala should take an unequivocal stand with regard to Nicaragua.

This point of view was set forth in a document delivered to President Vinicio Cerezo only yesterday which also contains the observations and recommendations of the private sector regarding the overall economic program.

"The private sector recommends that Guatemala take a position consistent with its democratic traditions; a position that reflects in no uncertain terms its opposition to totalitarian regimes, especially in Central America." This was a clear allusion to Nicaragua and to the policy of neutrality vis-a-vis that country hitherto maintained by Guatemala.

The CACIF document also criticizes entering into arrangements with an entity such as SGS [(Swiss) General Finance Company] for overseeing exports and regulating international commerce.

Further, it requests amendment of the Income Tax provisions of decree 229, to permit revaluation of assets against a specific capital account which would not be charged against the shareholders or owners.

In this manner revaluation on account of changes in the value of the currency would be depreciable, and it would be possible to adjust the cost of production in a realistic fashion while at the same time it would show the true effect of the depreciation.

Included in the proposal is a series of measures aimed at encouraging investment, employment and exports, and measures to foster social harmony, including the law on workman's compensation, subject to mutual agreement between employees and employers, and the law on incentive pay.

12383

CSO: 3248/448

14 July 1986

INTER-AMERICAN AFFAIRS

GUATEMALA, VENEZUELA RENEGOTIATE DEBT

Guatemala City PRENSA LIBRE in Spanish 25 Mar 86 p 2

[Text] Economy Minister Lizardo Sosa told us here yesterday: "Our debt to the Venezuelan Investment Fund (FIV), which is \$130 million, is in a very advanced stage of renegotiation as a result of President Cerezo's visit to Caracas."

Minister Sosa, who was a member of the delegation accompanying President Cerezo on his trip to Venezuela, seemed satisfied with the results obtained and said that it was gratifying "to see how the Venezuelan Government is totally open to cooperation, and when President Cerezo was applauded for more than four minutes by every member of that friendly country's Congress."

Minister Sosa added that during his stay in Caracas he spoke with officials of the Venezuelan Ministry of Foreign Affairs and Ministry of Development, and that he gave them a list of products that can be exported from our country to Venezuela in the immediate, intermediate and long term. Such products could be incorporated into the partial scope agreement.

"Some of these products, as we were told by Venezuelan officials interested in them, will lead to greater exports to Venezuela in the immediate future. I will be keeping in touch with the union of nontraditional exporters," Minister Sosa said, "so that we can combine our efforts and make progress toward opening doors for us to sell more and improve our balance of trade."

"Another of the most important issues concerned renegotiation of Guatemala's debt with the FIV. We have made much progress in this regard and there is a great willingness on the part of the FIV president to establish a procedure for converting our March and June payments into commercial lines of credit that could be kept open for one year."

"That will enable us, during these two periods, to avoid paying any of the amounts that we are obligated to pay to the FIV. There is also the possibility of continued conversion, in the same manner, of other loans and bills payable that would be due in September and December."

"I believe that this problem will be resolved in good time. There is a good deal of receptiveness and I would say that our debt to the FIV is already in a very advanced stage of renegotiation. The total debt is \$130 million."

"This year we would be obliged to pay \$69 million and some \$29 million of this is for the payments due in March and June, that is, we have practically renegotiated one-half the debt for commercial purposes.

"Much of our debt to the FIV is short-term, due to Guatemala's short-sightedness in preparing and implementing development projects, because we could convert those amounts due into paid debts within 20 years, as long as we had development projects.

"In our talks with them, we saw the possibility of using those debt funds for financing studies and pending preliminary investment for some projects, and subsequently trying to refinance such funds."

About the Oil Bill

"The oil bill was another issue discussed with the Central Bank of Venezuela and I also spoke with the Venezuelan Ministry of Economics, which was an extraordinarily kind gesture, since I spoke with seven ministers to whom I explained our needs, our goals in the reorganization program and renegotiation of the debt.

"Based on those talks, I noted an understanding of our needs and credit arrangements for the oil bill are already in a very advanced stage. It now remains for the Bank of Guatemala to talk with the IMF and with the Central Bank of Venezuela to conclude the details of the arrangements.

"Concerning the oil bill, for example, during the 120 days of credit we could be utilizing a line of credit of between \$35 and \$50 million.

"At present, when Venezuela sells us oil, we have to pay within 30 days of the date of shipment. If we run out of oil in 30 days and need more, we have to pay for the first shipment.

"What we are now arranging is an agreement for paying the bill within 120 days. That would be an arrangement identical to what Mexico is now granting us and which, of course, would help us at this time.

"I am confident that if we act quickly and intelligently from an economic standpoint, by the middle of next year we will be paying our oil bills in cash."

Minister Soes also said that following a meeting on the Caribbean Basin program in Puerto Rico, contacts were also established for trading with those countries and that investments by private enterprise will be made in our country.

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CSO: 3248/418

INTER-AMERICAN AFFAIRS

ARGENTINA CHANNELS HEALTH CARE TECHNOLOGY TO GUATEMALA

Guatemala City PIRENSA LIBRE in Spanish 9 Mar 86 p 2

[Text] In an interview with Kay W. W. Lovig of Lovig, S.A. and Jorge Omar Villordo of Laboratorios Argentinos de Investigacion y Desarrollo de Tecnologia, S.R.L. [Argentine Laboratories for Technological Research and Development, Inc.], and in the presence of Guatemalan expert Javier Castellanos, President Vinicio Cerezo Arevalo stated that Guatemala has accepted the transfer of Argentine public health technology offered by the aforementioned firms.

This transfer of Argentine "know-how" will make it possible to organize within the Ministry of Public Health an agency for technical and scientific support in the health care area, as well as techniques for controlling the quality of products possibly affecting human health, systems for planning and diagnosis, and improvement of medical and sanitary services in general. It will also make it possible to establish an Institute of Pharmacology.

With regard to water treatment, the Argentine technology will make it possible to build, using the country's own resources, water purification plants for producing drinking water in Guatemala, as well as to train Guatemalan personnel in this important field. It is expected that the water purification plants to be built in Guatemala can later be exported to other countries in the region, which, like Guatemala, need them to provide these vital necessities for their populations.

The visitors reported that with this transfer of Argentine technology and assistance, Guatemala will be able to substantially improve its health care and sanitation systems, develop new industry such as the construction of water purification plants, thus also creating sources of employment, and train new technicians and professionals in these fields.

During the interview with the Argentine delegation, President Cerezo expressed his interest in the program and offered to issue instructions so that this assistance, which will make it possible to provide needed aqueducts and water purification plants for villages in the country's interior, can be analyzed and formalized as soon as possible. President Cerezo stated that in Guatemala only 10 percent of the population living in rural areas have drinking water available, thus this area needs intensive assistance in every area of the health care field.

The Argentine delegation, which has already held working meetings with officials of the Ministry of Public Health, INFOM (Municipal Development Institute), EMPAGUA, ICAITI (Central American Industrial Research Institute), the Environmental Protection Directorate and other government agencies, will hold another meeting with the minister of public health, Dr Carlos Armando Soto, on Monday to discuss the program for transfer of the technology and financial assistance, to be implemented in accordance with the credit agreement signed some time ago between the two countries.

Finally, it has been reported that the program follows the plans outlined by the World Health Organization (WHO) and the Pan-American Health Organization.

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CSO: 3248/418

INTER-AMERICAN AFFAIRS

MEXICO, GUATEMALA DISCUSS REFUGEE PROBLEMS

Guatemala City PRENSA LIBRE in Spanish 16 April 86 p 3

[Text] "President Cerezo is working out a positive policy which will improve the prospects for the return of the 42 thousand Guatemalans who are still refugees in Mexico.", according to Dr Oscar Gonzalez, president of the Mexican Committee for Aid to Refugees, who was received by the president yesterday at his office at the Palacio Nacional.

On leaving the meeting, he told reporters that the purpose of his interview with the Guatemalan leader had been to inform him of the situation with regard to the remaining refugees in Mexican territory, and to exchange ideas which might open up the possibility of voluntary repatriation to be carried out in a manner satisfactory to all parties.

He noted that Mexico is known as a country which respects the right of asylum and that it is within this context that it has received the Guatemalans as refugees.

Dr Gonzalez was accompanied by the Mexican ambassador to Guatemala, Attorney Abraham Talavera, at the meeting with President Cerezo.

Human Rights Committee to Visit Camps

In a related development, Deputy Jorge Luis Archila Amezcuita, chairman of the Human Rights Committee of the Congress, announced yesterday that members of his committee would visit Guatemalan refugee encampments in Mexico.

"We receive occasional complaints of mistreatment of refugees and we want to visit the camps in Chiapas, Campeche and Quintana Roo. Although the visits will be arranged at government level, we plan to arrive unannounced."

Oscar Gonzalez, who is also general coordinator of the Mexican Committee for Aid to Refugees, paid a call on Deputy Archila's Human Rights Committee a few days ago. He denied that Guatemalan refugees were being mistreated. He conceded that sporadic cases of violence have occurred in Chiapas, but said that these have not seriously affected the 40 thousand refugees there.

"On the contrary," he said, "the refugees actually receive assistance, as, for example the 6 million dollars they are receiving at this time from the United Nations High Commissioner for Refugees (ACNUR), although this amount is not sufficient to meet the refugees' needs."

Dr Gonzalez also said that it is not true that the Red Cross is working with the refugees. Only the Mexican Commission for Assistance to Refugees is doing this.

He agreed to our request to visit the refugee camps, and we shall undertake the visit in the near future.

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CSO: 3248/448

BRAZIL

RANCHERS START PARAMILITARY GROUPS TO THWART LAND REFORM

Violence Escalates in Countryside

Sao Paulo ISTOE in Portuguese 14 May 86 pp 38-41

[Article by Ascanio Seleme, Graca Ramos, Ariosto Teixeira and Graca Souza:
"Shooting in the Countryside"]

[Text] An armed plot is underway to thwart land reform in Brazil. It was President Jose Sarney himself who first identified the existence of armed militias at the service of ranch owners in the areas where the conflict over land ownership is most dramatic. At his meeting on 30 April in Brasilia with five bishops from the Midwestern Region of the National Conference of Bishops of Brazil (CNBB), the president commented that the government security services are aware of the activity of a paramilitary group called "Solution" which is active in the Midwest. During the conversation, the bishop of Miracema, Goias, Dom Jaime Collins, told the president that a group of men linked to Solution encouraged a massacre of rural workers on 14 April in an area called Juari Valley in the municipality of Romeira, assassinating four people and then leaving their corpses in the village of Cruz Altina. Dom Jaime relates: "A woman was found slashed but still alive, with here burned and lifeless daughter on her lap." The president was also informed that there was an attempt against the life of Father Josimo Maraes Tavares, from Tocantinopolis, also in Goias, on 15 April, when the jeep in which he was traveling was passed by two cars--a Passat and a Voyage--after being riddled by five bulletholes.

The group the president was referring to has a known address. Solution is a firm headquartered at 233 7th Street in downtown Goiania and it provides security services to ranch owners. It is one of 15 competitors in a business that is growing by leaps and bounds. Sources close to the Pastureland Commission affirm that Solution is headed by Army Reserve Colonel Irineu da Silva Mattos, former secretary of security in Goias in the government of Irapuan Costa, Jr, now a PMDB federal deputy. At his home in Goiania--a real fortress guarded by two Fila [breed] dogs--on Friday, Colonel Mattos, who is 55 years old and from Rio de Janeiro, remembered the company without difficulty and took the initiative of saying that Solution, which he says he sold more than a year ago, provides security to ranch owners. Today, a landowner himself and a member of the Rural Democratic Union (UDR), an organization of ranch owners opposed to land reform, Mattos recognizes that

his UDR companions really thought about having armed security on their ranches "because they believed that it was all going to end up in armed conflict." Now, however, Mattos insists that the ranch owners believe that the priority is "to invest in legal assistance to avoid expropriation."

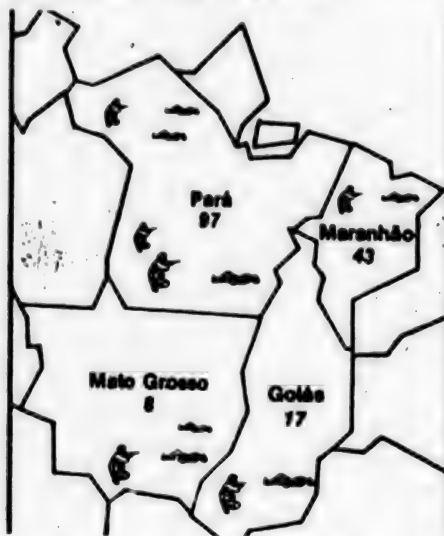
However, it is certain that the activity of the ranch owners and Solution does not seem so innocent. In the conflict that took place in the Juari Valley, according to a telex sent to the Ministry of Development and Land Reform (MIRAD), "there were five deaths on 24 and 25 April of the current year on the property of Mr Luis Spindola." And the message states that "after contracting the services of the 3d Military Police Battalion of Araguaia, there occurred the death of Mr Iracilio Cicero Faria Batista, a former policeman who was working for the owner, and that there also exists in Goiania a firm called 'The Solution' that provides security to ranch owners, headed by reformed Colonels Irineu Mattos and Mourao, the former of the Army and the latter from the military police."

Col Mattos insists, however, that he is no longer the owner of Solution, which was sold last year to Sebastiao Souza. Interviewed by ISTOE on Friday in Goiania, Souza confirms the fact that he acquired the security firm 18 months ago from this same Col Mattos "with whom I have a friendly relationship," but he denied that he provides security services to ranch owners: "I'm short on personnel and weapons; I have 100 men and just 40 weapons." Souza states that Iracilio Batista, who was killed on Luis Spindola's property, was never employed by Solution even though he left a business card there. The commander of the military police of Goias, Colonel Alvaro Alves, Jr, stated that soldier Iracilio was expelled from the military police in January of this year because he drank while on duty and bothered people on the streets. But Dol Alves, Jr's big worry at the moment is with the "number of cases of ex-military police recruited by ranch owners to guard their land, which has caused lots of problems, because normally deaths occur and the name of the military police ends up getting involved."

With the proliferation of paramilitary groups, "the climate in the countryside became as bad as it could be, with workers subject to violent armed repression when they try to defend themselves," says Dom Aloisio Hilario Pinho, the bishop of Tocantinopolis. "I can vouch for the existence and the violence of the group Solution, which is a very highly structured organization which could be behind the attempted murder of Father Josimo."

It was just the worry over this activity of the paramilitary groups that led the bishops to President Sarney. At that meeting, they delivered to him a report on the violence in the Midwest region, illustrated with photos and numbers showing the escalation of violence on the part of ranch owners, explains Father Ricardo Rezende, 34 years old, coordinator of the Araguaia Pastureland Commission. "We are very worried about the violence in the countryside in the state of Para, where the number of dead goes up year by year. There were 7 in 1982 and 97 this past year" (see graph below.)

ESCALATION OF VIOLENCE
(deaths in land conflicts,
in 1985, by state)



Source: Ministry of
Development and Land Reform

Father Ricardo states that the most violent locality is the municipality of Xinguara, 800 km from Belem. Father Rezende charges: "Just last year, 26 rural workers were killed in that region. There are several militias of gunmen hired by large landowners there." One of these hired rowdies, Sebastiao Pereira Dias, known as Sebastiao from Teresona, "has an office in Maraba and is active in various municipalities, having killed 40 people. He has 18 gunmen in his service, working for the ranch owners." Father Rezende goes on to tell how "Teresona" was arrested on 1 November of last year, "but the military police of Conceicao do Araguaia arranged his escape and he now lives quietly in his father-in-law's house in the municipality of Sao Sebastiao do Tocantins."

Rezende related all these facts to the president, who was shocked and upset by the dramatic story. Father Rezende recalled that Sarney's meeting with the bishops lasted 45 minutes and "the president said that he would send a general to the region of Bico do Papagaio, on the border of Para, Maranhao and Goias." Sarney also showed that he was up to date on the conflicts over land ownership in Bacabal, in the Mearim Valley in Maranhao, his home state, recalling that he had already sent General Ivan de Souza Mendes, head of the National Information Service, there for the purpose of drawing up a map of the conflict. Sarney stated that he was a friend of the Bishop of Bacabal, Dom Pascasio Rettler, and that he was very sorry about what had happened. At the end of the meeting, however, the bishop of Goias Velho, Dom Tomas Balduino, alerted the president that, right after Gen Ivan's visit, Bishop Rettler had received a death threat.

The Bacabal region gained notoriety on 23 November of last year when a troop of 100 military police from the state of Maranhao, led by the secretary of security, Joao Antonio Silva, Jr, commanded a real war operation against the villages of Aldeias and Pau Santo, in the Lagoa do Junco neighborhood. Farmers were beaten and an assembly of rural workers was dispersed. More seriously, one resident of Pau Santo, Manoel Monteiro da Silva, 78 years old, died after his house was machine-gunned by police. Several days later, Colonel Silva, Jr stated on television "that he wasn't interested in how old he was but rather in the caliber of weapon he had in his hand," answering the statements from eyewitnesses who said that Manoel was unarmed and was attempting to escape out the back of his thatched-roof house when he was gunned down.

The worry of Col Silva, Jr, and of the governor of Maranhao, Luis Rocha, who justified the intervention in Bacabal, arose from the possibility that the actions of the rural workers for land ownership could turn into guerrilla warfare. So, in November, they went so far as to suggest that the local peasants were being trained in Nicaragua to promote guerrilla warfare in the region. The version of Jose da Costa Santos, judicial advisor to the Pastureland Commission of Maranhao, is quite different. For him, there exists in Maranhao "a real state-sponsored terrorism against workers and landowners under the command of Col Silva, Jr." Along that line, the violence in the region of Bacabal last year was a response to the pressure that the church was putting on the governor, Luis Rocha, to put an end to the violence in the countryside, at least preventing the police from siding with the ranch owners.

For Col Silva, Jr, the bishop of Bacabal, Dom Pascasio, is one of the leaders of the foreign elements of the clergy who are provoking the emergence of artificial conflicts in the countryside (see related article below.) He states that there are no armed groups working for ranch owners in Maranhao, but he confirms the fact that cattlemen are organizing to avoid the outbreak of artificial conflicts which hide the intent of taking possession of private properties.

The governor of Maranhao, Luis Rocha, denies any involvement of the secretary of security, Silva, Jr, with paramilitary groups repressing farmers. "On the contrary, what we want to do is protect the farmers, because there are armed groups in Maranhao, organized by outsiders who are not even farmers." He states that, in the municipality of Grajau recently, "the state police rounded up a group of armed men who had set themselves up there as a sort of rural guerrilla band." He denies that he is in the front line of those who are resisting land reform and he argues that he offered 300,000 hectares of public land, in the region of Chapadao, in the southern part of the state, for distribution to the landless. He states: "It is the best farming region in the country, and produces soybeans and rice."

However, Nelson Ribeiro, the minister of development and land reform, asserts that, up to now, there has been no such proposal. And he is worried about the escalation of violence in the countryside, recognizing the fact that there are groups of ranch owners who have armed themselves and are acting openly to defend their property. The fact is that the government is between a rock and a hard place. Delaying land reform spurs increased protests from the

landless, with the support of the Catholic church. On the other hand, the ranch owners take up arms and spiraling violence begins. So, Sarney's action seems to be intended to restrain the landowners' paramilitary organization, according to what he said to the bishops during the meeting on the 30th. Simultaneously, he is trying to calm the insecurity of the landowners, who fear that land reform will take radical directions. So, before leaving for his trip to Portugal, President Jose Sarney left a made-to-order scarecrow planted at the center of the stage where Brazilian land reform is being acted out. He is Pedro do Carmo Dantas, 59 years old, and he has the background needed to put all the employees and directors of the National Institute of colonization and Land Reform (INCRA) on the alert. In the opinion of the enemies of land redistribution, INCRA is run by leftist agents planted back during the time of Tancredo Neves. A reformed army lieutenant, Dantas was initially nominated by the minister of transportation, Jose Reinaldo, but he ended up entering INCRA through the doorway of the civilian cabinet, where Minister Marco Maciel is installed.

Completely unknown by the regional directors of INCRA, the new president, on the other hand, enjoys considerable prestige abroad. In his agricultural dossier he lists three study trips: to southern France and northern England, on a trip sponsored by Caterpillar Tractor; to southern Italy, courtesy of Fiat-Allis; and the third to Japan and the United States, invited by JICA, a Japanese corporation that has plans to establish large rural enterprises in the pasturelands of the Midwest. No organization of rural workers or landless peasants sent a representative to his swearing-in ceremony last Tuesday. "He does not have our confidence," explained Francisco Urbano, one of the directors of the National Confederation of Agricultural Workers, which has 8 million members throughout the country.

As if this whole climate of distrust were not enough, Dantas decided to start off with a long speech that irritated even more the representatives of the landless and the wings of the church that are fighting the violence in the countryside. "The ranch owners are arming themselves, not to stop land reform," said Dantas, "but to defend their inheritance."

The naming of Dantas, meanwhile, greatly pleased the representatives of the rural landowners, especially in Sao Paulo, where resistance to reform is not the most violent but is the most articulate and has the most economic and political firepower. Last week, for example, Governor Franco Montoro had to take the initiative of cutting corners, inviting to a consultation meeting the president of the Brazilian Rural Society, Favio Teles de Menezes, and Fabio Meirelles, from the Agricultural Federation of Sao Paulo State--to which the state's main executor of land reform, regional INCRA director Jose Eli Veiga, was not invited. "It was an exploratory meeting with no conclusion," affirms Miguel Kosma, secretary of State Land Affairs, who was present at the meeting and was assigned to communicate the results of the meeting to INCRA.

There is a reason for Montoro's haste: Without the collateral security of the rural landowners, the state of Sao Paulo will not have its regional plan approved by President Sarney, which would amount to a great political waste in this electoral year. For that reason, Montoro and his candidate for succession, Orestes Quercia, will go to Brasilia as soon as Sarney returns to

try to get approval for the state reform plan. It would be fundamental triumph for Quercia to consolidate his advantage with the administrations and voters of the interior. A living portrait of that problem which frightens Quercia in his electoral campaign could be seen last week on the highways close to President Epitacio, a municipality in the midwestern part of Sao Paulo state. In that region, which is relatively rich by Brazilian standards, one can now see scenes which used to be seen only in the country's poorest regions. Since January, nearly 3,000 unemployed adults, accompanied by 2,000 children, have been camped out on a neighborhood road, chased off the land by agricultural mechanization and the resistance of large landholders to rent lands. Living in shacks made of wood, canvas or home-made mortar, with the red dirt floor serving as both floor and bed, those 700 families paint a bitter picture in Brazil's richest state. "We are going through all this to guarantee a piece of land, which is our children's future," lamented Maria Azevedo last week as she camped out. Nearby, Maria and Antonio Souza, migrants from the northeast, struck an image more appropriate to the region where they were born: Both of them, along with 17 children, ranging from 8 months to 21 years old, occupy a 10 by 4 meter shack--just a few meters away from a large property overgrown with underbrush, fenced in with barbed wire, whose expropriation proceedings have been dragging through federal courts since 1942.

Crusade Against Priests

Sao Paulo ISTOE in Portuguese 14 May 86 p 40

[Text] Maranhao's secretary of security, Army Reserve Colonel Joao Antonio Silva, Jr, has very clearly defined ideas about those who are setting off social tension in the countryside. It is the Catholic priests, especially those of foreign origin, who are throwing fuel on the fire. "I have nothing against the Brazilian priests, but the ones stirring up the farmers are all foreigners who want to tell us how we Brazilians should behave. What becomes of our self-respect then?"

In Silva's opinion, "Brazil is very generous to receive these foreign priests, who come here to stir up the issue and make President Sarney's job more difficult. After all, it was President Sarney who had the courage to carry out land reform." In the colonel's vision, "Those people are interested in thwarting land reform, because it would be one less banner for them to carry." "I believe that political and ideological rather than partisan interests exist," in the acts of the foreign priests who are defending the farmers of Maranhao. Silva is conscious that he has become the number one target of the state's progressive clergy: "I know that I am making their actions more difficult, that's why they are carrying out a campaign of defamation and calumny against me, using 90 percent of the time in their sermons during mass for that purpose, not to mention the fact that they print brochures and pay kids to stick them on cars."

In fact, the militants of the Maranhao Pastureland Commission identify Col Silva, Jr as the biggest obstacle to land reform. And the newspaper TEMPOS NOVOS, edited by the archdiocese of Sao Luis, states that "the Luis Rocha government is defending the large landholdings and the illegal occupancy of landed property, led by Col Silva, Jr."

BRAZIL

LIBYAN AID REJECTED IN CEARA; MAYOR SEEKS FUNDING

Controversy Over Libyan Offer

Sao Paulo O ESTADO DE SAO PUALO in Portuguese 15 May 86 p 14

[Text] The Libyan government's offer of financial assistance to Fortaleza has been overwhelmingly rejected by various social groups, including lawyers, journalists and state politicians. Deputy Haroldo Sanford of the PMDB, ex-Malufist, who arranged the trip of a group of Arab ambassadors to Ceara at the beginning of the month, explained that, as far as he knows, "there is at the moment no formal agreement between the Fortaleza mayor's office and the Libyan government." He related having taken the Arab ambassadors to the home of a friend of the mayor, "who described the city's predicament." The Libyan representative, moved by her account, offered assistance, provided that a plan be arranged.

PT Mayor Maria Luiza Fontenelle said that her goal of creating a good administration and giving Fortaleza what it needs does not suffer for lack of ideas and plans. Maria Luiza's intention of soliciting funds from the Qadhdhafi government has produced intense reactions in the city. The TRIBUNA DO CEARA has condemned the notion, affirming that "the people of Fortaleza have once again been deceived by the mayor," and maintaining that "her intention is sad, regrettable, and even humiliating, because the people of Fortaleza do not need help from Libya to solve their problems."

A source from the mayor's cabinet said that there has been no response to the bills presented in Brasilia last week. "What she did accomplish in concrete was the signing of the World Bank's BIRD III agreement, which provides for the rebuilding of transportation corridors, by which 18 million cruzados will be allocated to Fortaleza." The mayor's press secretary denied that Maria Luiza had initiated plans with the government of Colonel Qadhdhafi through the Libyan embassy. "It was not Maria Luiza who requested aid, it was the ambassador himself who offered to help her, because during his visit to Fortaleza he was amazed at the city's terrible sanitary conditions, and so offered to study the possibility of helping the peoples' administration of the Labor Party.

14 July 1986

Mayor Discusses Funding, Politics

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 May 86 p 5

[Text] Mayor Maria Luiza Fontenelle of the PT is ready to "move the world" to pull Fortaleza, the capital of Ceara, "out of this sad and regrettable state of poverty"--problems of urban sanitation, housing and health. For that reason, Maria Luiza says that she will "gladly accept any and all contributions given to assist the administration, be they from Libya, the United States or the Soviet Union." However, it was the Libyan ambassador to Brazil, Farange Al-Saeiti, from whom the mayor received the offer to establish a sister city relationship between the Cearan capital and Libya. The proposal was made recently in Brasilia, when Maria Luiza returned the visit she received from Arab ambassadors, arranged by Deputy Haroldo Sanford (PMDB).

The Labor Party mayor has also solicited help from other sources, such as the embassies of East Germany, Canada and France. "This help would not come directly from the governments, but rather through the establishment of sister cities," explained the mayor, who emphasized the contribution that even the shopkeepers of Fortaleza are making to clean up the city, "the results of which are beginning to show." In her "crusade" to obtain money for the capital city, the mayor is also going to strengthen relations with the "Architects Without Borders" in France.

These outside contributions have been solicited in spite of the fact that Governor Gonzaga Mota (PMDB) has already committed himself to cleaning up the city, a position which Maria Luiza says "in no way" interferes in the affairs of the municipality. "On the contrary, I have welcomed his initiative, since after all we are responsible for the well-being and the health of the people." The mayor does not approve, however, of the fact that the governor is "making a great deal of propaganda out of this, with purely political results," and believes that "Operation Health"--as she herself has dubbed the governor's assistance--is not following a correct strategy, which would improve the results.

"The relationship between the mayor and the state governor is good, one of mutual respect," stated Maria Luiza, who admitted having spoken on the telephone with Gonzaga Mota to request that he intercede in the recent bus-driver strike--to which the governor agreed--and to request the release of the tax funds due from the automobile ownership tax (IPVA). The mayor denied that Mota has a "diabolical plan" to sabotage her administration: "He would not be capable of that, because there would be a great outcry on the part of the people--of that I am certain."

Aversion

Maria Luiza is not only certain that Mota will not act against her, she also claims not to fear that the Fortaleza city council will annul her mandate "The council members should have more sense than that because, after all, I am facing the same difficulties that they have faced for some time." The mayor regrets that the PT is not represented on the council and believes that

the appointment of a parliamentary fact-finding commission, "such as the one installed in the Jose Frota Institute, would hinder municipal dynamics."

She attributes this "aversion" to her administration to having "ended a series of privileges and schemes to benefit friends of the authorities," and to having confronted corruption "face to face." Even though she claims not to be "even a little worried" about the possibility of impeachment, Maria Luiza has already provided herself with certain safeguards, such as during her last trip to Brasilia, when she managed to convince judges like Fabio Comparato, Dalmo Dallari and Raymundo Faoro to launch a counter-offensive in case the council members really do try to annul her mandate.

Perhaps even before hearing of Maria Luiza's suggestion that they have more sense, the PDS and PFL council members decided not to approve any project which would aim at impeachment, or the annulment of her mandate. This decision was taken during a meeting in the house of one of the "kingpins" of Cearan politics, Virgilio Tavora, and in the presence of the other two, Cesar Cals and Adauto Bezerra. According to one of the council members, "there are no political, legal or personal justifications for impeachment."

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BRAZIL

REPORTAGE ON TRADE, MILITARY ATTACHE TIES WITH PRC

Companies Encouraged to Invest in China

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 May 86 p 28

[Text] Dozens of Brazilian companies could be doing business in China, but are not because of a complete lack of information. The Banco do Brasil's foreign trade desk (CACEX) is certain that this is the case and for that reason will promote a seminar in Sao Paulo on the 30th of this month dealing with business opportunities in China.

Since 1984 there have been 14 coastal cities in China which the Chinese have designated Special Zones, and which function as virtual filters between the Chinese socialist economy and the capitalist West. Through these Special Zones, Chinese state enterprises have already formed some 7,000 partnerships with foreign firms and have signed 3,000 foreign trade cooperation contracts. Apart from this, 120 Western companies have established themselves in China using only their own capital.

Until now, only three Brazilian companies have maintained partnerships in China—Vale do Rio Doce, Cacique de Cafe Sulval and Figueira Sommer. In the seminar to be sponsored in Sao Paulo, these examples will be cited to stimulate more interest among Brazilian companies for trade with China. CACEX hopes to attract mainly companies that have never had any commercial contact with the Chinese.

Diplomat Calls for Investment in China

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 May 86 p 11

[Text] China is open to investment from Brazilian entrepreneurs, particularly in advanced technology sectors such as telecommunications, energy, transportation, and the construction materials and food processing industries. This information was divulged yesterday in Porto Alegre by the Chinese ambassador to Brazil, Tao De-shao.

In his first official visit to Rio Grande do Sul, the Chinese diplomat emphasized that his country's government is interested in joint ventures with Brazilian industries, as well as direct foreign investment in China. "China

does not require a majority share of capital in an investment, and in some branches of advanced technology that will promote future Chinese exports, our government can even offer more preferential conditions to foreign companies that set up operations in China," he emphasized, further pointing out that there is not, in this case, any impediment to complete and total foreign ownership of investments.

Decline

Trade between the two countries, however, will decline in relation to 1985, when it rose to \$1.4 billion, with a \$500 million surplus for Brazil. The total volume of trade will fall this year due to the steep drop in oil prices, Brazil's principal imported commodity from China. Apart from oil, Brazil buys pharmaceutical products, but trade between the two countries is tending to diversify, expanding to include rice and some chemical materials. At the moment, the most important Brazilian exports (out of 160 products) are iron ore, steel, cellulose and synthetic fibers, automobiles and trucks.

Military Attaches Assigned to TRC

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 May 86 p 3

[Text] The Peoples' Republic of China has become, since yesterday, the only communist country to have Brazilian Army, Navy and Air Force attaches officially accredited to the Brazilian embassy in Beijing. The decree authorizing this was signed by President Jose Sarney, thereby initiating an unprecedented procedure in Brazilian military policy toward the communist countries.

With this Brazilian initiative, which according to army advisors originated with the General Staff of the Armed Forces--the organ responsible for deciding which countries will receive Brazilian military attaches--the Peoples' Republic is likewise expected to request two more military attaches in its embassy in Brasilia, which currently maintains only one officer with that function.

The Chinese have shown a great deal of interest in strengthening their military and technological relations with Brazil, and have already demonstrated their intent to acquire not only Tucano training planes from Embraer but even Bandeirantes, which will roll off the assembly line in the next decade.

The exchange of military attaches between communist and capitalist countries is not common. In fact, Brazil has no diplomats with that function in any communist country, now excepting China. There are three Brazilian military attaches in each of the following countries: Argentina, Bolivia, Chile, France, England, Italy, Paraguay, Peru, Uruguay, Venezuela and the United States.

Chinese Astrophysicist Visits INPE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 May 86 p 29

[Text] Dr. Wu Hong-ao, of the Purple Mountain Observatory in Naing and the Chinese Academy of Sciences, has arrived in Brazil to work for 1 year at the National Institute of Space Research (INPE). His home institution is one of the most important centers for astrophysics in continental China.

The Chinese scientist's visit is a result of the establishment of a technical-scientific cooperation agreement between the Purple Mountain Observatory and the Radio Observatory of Itapetinga, which is operated by the INPE Department of Astrophysics in Atibaia (SP).

Dr. Wu's main fields of interest at the INPE revolve around two areas: familiarization with Brazilian work in the large precision antennas located in Itapetinga, since the Chinese observatory is in the process of constructing a similar system, and problems of solar physics in the areas in which INPE is beginning to achieve international notoriety.

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SCIENCE AND TECHNOLOGY

BRAZIL

ECONOMIC, MONETARY POLICIES TO BENEFIT COMPUTER INDUSTRY

Sao Paulo DADOS E IDEIAS in Portuguese Apr 86 pp 19-21

[Text] What will be the effects of the government's price stabilization program on the informatics sector? To judge by the behavior of the stocks of publicly held companies immediately after the official announcement of the program, opinions with regard to the consequences that the across-the-board crash program against inflation may have on the informatics sector from now on are divided. The first reaction was a substantial increase in the price of informatics stocks, followed immediately by a plummet in prices that compares with the most significant price drops of the first week of March.

This is because the image of informatics companies was closely dependent upon that of the banks. And since the stock market fears that the profitability of the banking system may be reduced greatly with the end of monetary correction, this pessimistic expectation was transferred automatically to the shares of informatics companies, based upon quite simple reasoning: If the banks are to be less profitable from now on, they will no longer have as much money to invest in automation.

This line of reasoning didn't last very long, and by the second week of the price stabilization program the market began to consider the hypothesis that bank automation could actually be accelerated due to the necessity that such institutions reduce even further their administrative and operating costs as the country experienced a reduced inflation rate. The market also took into account the fact that informatics companies were already planning to enter into new areas in 1986, thereby diversifying their product lines.

For example, SID, which in 1985 counted upon bank automation for half of its gross billings, expects to reduce that percentage to 30 in 1986. Itaotec, in turn, already believed by the end of last year that it could arrive at year-end 1986 without Banco Itau as its principal and major client.

Be that as it may, it will only be after the passage of several months that a better definition of the effects of the price stabilization program on the various sectors of the economy, and not only upon the informatics sector, will be forthcoming. After all, the country has been living for several years with a hallucinatory rate of inflation, in which the rate jumped from 100 percent to 200 percent and proceeded to a ceiling of 400 percent practically without any

resistance. In a climate such as this it is difficult to know what is the reality of the costs, prices and indebtedness of each organization.

The Moment of Truth

Until the moment of truth arrives, all conjectures about profit and loss resulting from the crash program is up in the air.

The companies that ought to be favorably affected, for example, are those that were already price-controlled by the Interministry Price Council (CIP).

Just during the time that the CIP delayed in order to analyze and arrive at a decision with regard to a price adjustment, any given company could experience price erosion based upon 2 months of inflation. The last plenary session of the council, just to give an idea, was during the second fortnight of January. This means that no industrial price controlled by the government was authorized to be increased in February.

And there were already a great number of requests on the CIP shelves, since the existing rules guarantee the council experts a minimum term of 45 days for the evaluation of a request from each industrial area.

Besides the effects of the passage of time, and also the fact that the CIP often authorizes a price adjustment lower than requested because it disagrees with the calculations presented, there has been another important component in the government's price control policy--the profit margin.

At the beginning of the New Republic, the CIP experts, led by one of the greatest of Brazil's price control specialists, economist Luis Roberto Azevedo Cunha, concluded that in the final months of the previous government there had been "a festival" of exemptions, i.e., industries had sought to elevate their profit margins as much as possible, fearing that the New Republic would institute--as actually happened--a quite rigid policy of price controls.

Luis Roberto Cunha was convinced, therefore, that the sectors controlled by the CIP would be able to bear a reduction in their profit margins for several months, due to the gains they had realized during the previous government's tenure. So the CIP established as a rule that the margins would be adjusted, during a period of 6 months, as a function corresponding to only 80 percent of monetary correction, as measured by the variation in the Flexible Obligations of the National Treasury (ORTN). This criterion was to be reviewed in September/October 1985, but, since this was the period in which inflation was again peaking, the government decided to postpone change, in spite of the "screams" of the various sectors under its control.

Price stabilization therefore immediately favors all of the companies that were subject to CIP control. Here are included the manufacturers of minicomputers to mainframes; that is, all of the multinationals wind up gaining--IBM, Burroughs, Control Data Ltda., etc.--and also domestic manufacturers like ABC-Bull, Cobra, SID, Sisco, Edisa, and Labo.

Service companies, especially those in data processing, were also price-controlled by CIP, and therefore also stand to benefit from stabilization.

In the case of noncontrolled products--from minicomputers to micros, including peripherals--which is exactly the stratum in which the domestic industry is located, prices have risen to the maximum, since they were adjusted by ORTN. So inflation wound up having no effect on these segments. They neither gained nor lost through inflation. Their profits, therefore, had to come more from productivity increases than from price increases. Here, too, the crash program will wind up favoring the industry.

There does exist, however, the possibility of loss. Since the national informatics industry is still very dependent upon imported components, and since the dollar/cruzado exchange rate is fixed, if there is a price increase abroad domestic manufacturers will not be able to pass their increased external costs along to the consumer. But even here the informatics sector is lucky, since at the moment there is a reduction in price for components from overseas markets.

Debt

The end of monetary correction and the pressure the government has been exerting for a reduction in real interest rates in the financial sector will be beneficial to companies that were experiencing high debt levels, such as is the case with several domestic companies (Cobra, for example).

On the other hand, it will have a negative impact on those that had large cash flows and could realize good profits in the open market. This is the case with the multinationals (IBM and Burroughs).

Price stabilization, if maintained for a long time, will favor new investments and the necessary modernization and new equipment needed in Brazilian industry.

Without the danger of monetary correction, businessmen will now have a broader time horizon within which to plan. And modernization today is synonymous with the introduction of informatics into the production line. Robotics, process control, numeric commands, etc., may increase in importance.

In summary, the post-crash-program informatics industry seems to have more going for it than against it. As was said at the beginning, everything at the moment is conjecture. Only experience will tell us what roads informatics--and the Brazilian economy as a whole--will take from here forward.

Now, a New Impulse for Business

The business automation sector resents only one thing: that automation in Brazil is "stuck," and has not yet reached a greater number of companies. "The process of re-pricing products according to the Sunab revisions would have been much simpler in the supermarkets if we were already working with bar codes," says Joao Calvino MacKnight, vice president of the Brazilian Association of Commercial Automation (ABAC), and informatics manager of Makro Atacadista.

In his view, the "package" of economic reforms will wind up not only benefiting, but also hastening, automation, since now it is an even more necessary aspect of competitiveness. "The distributors of products will no longer realize profits from financial gains achieved through speculation; now they will have to increase their profits legitimately. This will require a more efficient control of inventories, and rapid retrieval of information, possible only with computers."

The measure also helped the large warehouses that were already well computerized. Makro, for example, according to MacKnight, will not need to add to its hardware in the short term, as they have been up to now, and will be better able to do its planning. Working under conditions of increasing inflation rates, the equipment always required greater processing capability in order to calculate profits.

According to him, ABAC has adopted no official position with regard to the "package," because the number of commercial organizations that are automated is quite low. Meanwhile, ABAC is implementing the program for its next congress, in July of this year, at which emphasis will be given not only to the PDV, but also to software that is compatible with the new cruzado situation.

Industry Has To Become Competitive

The evaluation made by leaders of the industrial sector is that the heating up of industry will bring with it as a consequence the intensification of automation in order to render it more competitive.

"The stabilization of the economy makes it necessary for the business organization to be more profitable, thereby requiring it to invest in automation," affirms Edison Dytz, president of the Brazilian Association of Process Control and Industrial Automation (ABCPAI), and of the administrative council of Novadata. In his opinion, the formula of "more production equals automation" will turn out to benefit and augment the Brazilian automation industry. "Now, resources will have to be applied to real goods, and not to paper or the open market; that is, it will be necessary to 'industrialize' our money," he adds.

The importance of the industrial sector will be reflected more and more in the computer industry. He estimates that for some years to come industrial automation will probably represent 30-40 percent of the marketplace for microcomputers.

"The engineering and automation sector were already overheated, and now things are going to happen more quickly," predicts Roberto do Coutto, director of Comsip Engineering, a company that deals in process controls. He explains that, after the "package," all activities connected with production will tend to be intensified. "Rigid production cost controls ought to increase the use of digital systems in the industrial area," says Coutto.

The consensus within the industrial sector is that Brazil should follow the example of other stable economies, directing the greater part of its investments toward modernization of its industrial capacity, pushing it to become competitive worldwide. And automation is a natural part of the process.

Banks Review Their Strategy

Wait until the dust settles. That is the order of the day in the banking sector for the moment. With changes in the financial market, closed door evaluation sessions begin. "Any conclusion at this time can only be premature," says Joao Bosco Beraldo, manager of informatics for the Banco Exterior de Espana. In his view, the sector will really be able to evaluate the deeper impact upon automation plans only after the first half.

But one thing is certain: Investments in banking automation will have to be reviewed.

At Bradesco, Celso Melon, informatics manager, explains that the bank will probably maintain the equipment purchasing contracts that it recently made with SID, totaling 200 million cruzados. Meanwhile, according to him, the master plan is being reviewed by the board.

At Banco Real, guidelines for automation have not been changed. "Our intention is to continue with the pilot project for installation and automation evaluation in some branches," says director Renato Mascaretti.

Banco Exterior de Espana, according to Beraldo, is re-evaluating its priorities. "The emphasis in targeting automation, which was in the open market, will be channeled to savings programs," he says.

Gilberto Dib, director general of Tecnologia Bancaria, is optimistic. "The bank closing on 28 February showed the need for the product that we have to offer." In his view, the relationships between the banks and Tecnologia Bancaria are becoming closer so that automation costs can be shared.

The Tecnologia Bancaria schedule for installing 10 automatic tellers per month is being adhered to, and will probably total 250 units by year end. Starting in May, the banks that are part of the system will go on-line.

Dib pointed also to the ease with which the system was altered after the changes wrought by the "package," such as the introduction of centavos. "This required only minor alterations in the automatic teller software, carried out in 3 days," he said.

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SCIENCE AND TECHNOLOGY

BRAZIL

R&D IN EPITAXIAL CRYSTAL-GROWING TECHNOLOGY

Sao Paulo ISTOE in Portuguese 23 Apr 86 p 52

[Text] Brazilian scientists are learning to pronounce a strange word in Greek origin, epitaxia, which for a growing number of researchers all over the world summarizes what is most revolutionary in the fabrication of microcomponents for the electronics industry. "It is high time that Brazil took its first steps along this path," says physicist Alfredo Gontijo de Oliveira, leader of a group of enthusiasts that has been initiated into the techniques of epitaxia--which means "to order at a higher level"--through a sophisticated machine that cost 7 million cruzados, installed at the Federal University of Minas Gerais (UFMG) in Belo Horizonte.

Purchased from the French firm of Riber, the equipment allows for the atom-by-atom manufacture of a substance, like a child building a house with small colored wooden blocks. In this case, the interest is in "mounting" of crystals, as in semiconductors used in the integrated circuits of computers. It is a delicate architecture, measured in billionths of a centimeter. The conditions necessary for this require, in the first place, that the initial crystal be placed in a vacuum thousands of times superior to most conventional ones. The materials for crystalline construction are placed in cells that are submitted to high temperatures that are well defined. When they are evaporated, the substances are simultaneously joined in a molecular bundle, and later are systematically solidified upon the crystalline support--that is, "ordered at higher levels." The temperature of each cell--responsible for the final constitution of the component--and the exit ports for the substances, have to be controlled by microcomputers. This allows for the creation of structures of great complexity that promise to revolutionize the future construction of computers of great capacity. From the extensive list of compounds that the technology can produce, the most important, according to Gontijo, is the gallium arsenate semiconductor, capable in the future of competing with silicon, the basic raw material of memory chips for computers. The gallium would make possible a much higher velocity of transmission of electrical impulses in chips.

Only 10 years old, the system is already being used in about 100 laboratories, research centers, and industries throughout the world, with a battalion of about 500 epitaxia apparatuses. "The Bell Labs alone in the United States--pioneers in the technique--have 25 units, and recently the Japanese began to invest massively in the area," says Gontijo, who took his doctorate in crystal

growth at the Freeburg University in West Germany. "We are putting together a team of 20 people to work with the most advanced techniques." Since there are applications throughout the entire microelectronic industry, the Mineiras incursion into the epitaxia field has already aroused some curiosity in Telebras, working in fiber optic communication, and in the armed forces, who are interested in improving their missiles that use infrared ray detectors to guide themselves in space.

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SCIENCE AND TECHNOLOGY

BRAZIL

LATIN AMERICAN ENGINEERS URGE JOINT TECHNICAL VENTURES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 May 86 p 33

[Excerpt] Latin American engineers are recommending joint ventures with companies in other South American countries to develop high-technology projects such as data processing, fine chemistry and biotechnology. Engineers are holding the first congress of the Organization of Latin American Engineering, Architectural and Agronomy Consultants (OLCPIA), which opened Sunday evening.

"The day we undertake joint projects in South America we will be developing our countries with coordinated research programs, eliminating the waste of resources in duplicated effort," explained OLCPIA President Eduardo Moreno, a Chilean. On the first day of meetings, the engineers agreed on 4 recommendations to be formally submitted to area governments: that specialized data banks (for agriculture and livestock raising, for example) be set up in order to exchange information; that half of post-graduate students study in South America; professional exchanges be increased; and that joint ventures in high-technology sectors be undertaken.

Luciano Coutinho, the general secretary of the Ministry of Science and Technology, suggested yesterday in one of the addresses that half the post-graduate scholarships now being granted for research abroad be channeled to Latin America. According to his figures, the continent could save \$30 million if it channeled half these scholarships to Latin American countries and the number of scholarships could be doubled with the savings. Some 15,000 Latin American students are currently studying in developed countries.

As the congress opened Sunday night, Minister Marco Maciel, representing President Sarney, said that Latin American countries "should unite and exchange ideas and experiences to develop its own technology." Maciel also said that "technological dependence may lead to a new kind of colonialism." With the exception of a few isolated cases such as biotechnology projects between Brazil and Argentina, practically nothing has been done by area governments to integrate technology.

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SCIENCE AND TECHNOLOGY

BRAZIL

TECHNOLOGY TO BE EXHIBITED AT FIRST BRAZIL-ITALY EXPO

Rio de Janeiro O GLOBO in Portuguese 11 May 86 p 36

[Text] Sao Paulo--The purposes of the First Brazil-Italy Expo, according to Giorgio Gras, president of the Italian Chamber of Commerce, are to introduce Brazil to contemporary Italian culture and technology and to acquaint Italian businessmen with Brazilian industry. The exposition opened yesterday at the Exhibition Pavilion in Sao Paulo's Anhembi Park.

The exhibition, which runs until 18 May, features Italian companies operating in Brazil such as Fiat, Pirelli and Olivetti, Brazilian industries founded by Italian immigrants, as well as fashion houses and commercial design companies, which will be putting on fashion shows organized by leading Italian designers introducing contemporary Italian fashion.

"The exposition is intended to strengthen the relationship between Brazilian and Italian businessmen. Italy has made considerable technological progress, and this reciprocal exhibition is taking place at an ideal time, since Brazil is consolidating its economy. We believe that this exhibition will promote Italian investment in agriculture, livestock raising, chemistry and metal-working in addition to encouraging partnerships between small and medium-sized companies of the two countries through joint ventures and technology transfer agreements," said Gras.

During the exposition, businessmen from the Italian Industrial Confederation will meet with members and officials of the Sao Paulo State Industrial Federation to discuss increasing trade between the two countries. According to Gras, Italy is now the fifth largest buyer of Brazilian products and the "eighth largest exporter to Brazil, with the exception of petroleum."

The Italian businessmen hope to discuss ways to bring the balance of trade between the two countries into greater equilibrium. According to Senator Francesco Mazzalla, secretary of the Italian Ministry of Foreign Trade, "the ratio is now 5 to 1 in Brazil's favor."

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BRIEFS

FRG INTEREST IN TECHNOLOGICAL EXCHANGE--Technological exchange was the main subject discussed yesterday by German Defense Minister Manfred Worner and Adm Jose Maria do Amaral, chief of the Armed Forces General Staff, at a lunch and reception for the two officials. Although the two ministers have not reached any firm decisions on arms purchases by Germany, Adm Amaral said that Minister Worner showed interest in Embraer's EMB Tucano 312 trainer aircraft and he flew in one at Sao Jose dos Campos. The officials also discussed the international situation and the German defense minister's concern with the so-called East-West question, but only in general terms. The General Staff chief stressed the importance of the German minister's visit. Minister Amaral also believes that when bids are opened for manufacturing helicopters in Brazil for the Armed Forces, the Germans will be vigorously represented by Messerschmidt. Minister Worner only spent 20 minutes with Gen Leonidas Pires Goncalves at army headquarters for what was called a "courtesy meeting." The Germans are already large suppliers of military equipment to Brazil, especially artillery, but at the moment the army is not considering any vast programs comparable to the FT-90 project, and no large purchase from the Federal Republic of Germany is being contemplated. The army has depended on Sweden for heavy equipment, turning to Germany only for the electronic equipment for its electronic warfare center. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 May 86 p 2] 8844

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CHILE

BARROS STATES NATION'S STAND AT UPCOMING GATT MEETING

Santiago ERCILLA in Spanish 14-20 May 86 p 15

[Interview with Mario Barros, Chilean ambassador to the GATT; date and place not given]

[Text] The main concern of the 90 ministers of foreign relations, finance and economy who will meet in mid-September of this year in Punta del Este (Uruguay) will be to shed light on the current situation in world trade and to trace the outline of what it will be in the remainder of this century and the first half of the next.

This technical meeting, called the "New Round of Trade Negotiations," will be held within the framework of the General Agreement on Tariffs and Trade (GATT).

The GATT, which was founded in January 1948 and whose 23 charter members include Chile, is an international body in which tariff, tariff-related and trade agreements which in one way or another affect 80 percent of world trade are discussed and approved. Currently it has 90 member countries, while some 40 other countries implement the agreement.

The founding of the GATT was the result of the perception by the countries with free economies, at the end of World War II, that one of the reasons for the crisis which had just ended was the lack of international monetary, financial and trade structures. This realization gave birth to the International Monetary Fund (IMF), the World Bank (WB) and the GATT.

In the course of the so-called negotiation rounds, seven of which have already taken place, substantial reductions in customs tariffs and other trade barriers which are not strictly related to customs, those of a clearly protectionist nature in particular, are studied.

Mario Barros Van Buren, the Chilean ambassador to the GATT in Geneva, told ERCILLA of the importance of this agency to the country's export strategy.

[Question] As a diplomat who has worked mainly in the area of international politics, do you not feel somewhat outside your special area as head of an economic mission?

[Answer] No. A country's diplomacy is not exclusively political but is also economic, consular, cultural and military. All of these are important paths leading to the targets which Chile has established for itself. At this point, economic and international trade activities have priority emphasized by the government. My training was in the field of international politics. However, you must not forget that the GATT involves negotiations, and this gives it a political connotation. If you are referring to the technical aspect of our task, I have a first-class advisory team. Furthermore, we have the steady support of the chancery's General Directorate of International Economic Relations.

Barron further emphasized that it is in the GATT, as a unit which watches over free international, nondiscriminatory and nonrestrictive trade, that "the fate of Chilean nontraditional exports is decided day by day. It is there that the daily transgressions committed against free trade, particularly by certain developed countries, can be denounced."

[Question] Does Chile have any particular position concerning the new round to be held in September?

[Answer] The subjects which are of greatest interest to our country are, among others, free trade in farm goods, the elimination of the subsidies developed countries provide for their export products, the technical standards set by individual nations for authorizing imports, all aspects of import controls, trade in textiles and trade in products made of natural raw materials.

Even if the negotiations leading to concessions are bilateral, the system is slow and inefficient, for which reason, from the very beginning of the GATT, the choice made was for multilateral negotiations with the participation of the largest number of countries possible. The voting procedure is based on "one country, one vote," which grants developing countries some power in dealing with the giants of world trade, such as the United States, the European Economic Community, Japan, the Nordic countries, Australia and Canada.

As one can imagine, the negotiations are extensive and complex and have taken years, for which reason they have been described as trade rounds, a term which, in its Anglo-Saxon meaning, has a much stronger connotation of confrontation and struggle than the softer Castilian word "ronda."

It remains to be seen whether, in the final account, what develops in Punta del Este will be several rounds of debate between the heavyweights and the lightweights in world trade or a round of consensus among the participants.

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CHILE

CHRISTIAN DEMOCRAT ZALDIVAR ON POSSIBLE ALLIANCES

Santiago QUE PASA in Spanish 29 May 86 pp 17-19

[Interview with Adolfo Zaldívar (DC) by Mariana Grunefeld; date and place not given]

[Text] Who He Is

He is the youngest of eight brothers. Politically, he is "troubled" about his brother Andres, although he admires another of his brothers, Alberto Zaldívar Larrain, and his mother, who are in the same political camp. He is 42 years old, a lawyer, and studied at Iain Compians and, subsequently, the UC. He graduated in 1967. He attended the University of Chile between 1971 and 1975, when he was expelled for political activity. He is married to his second wife, Alicia Larrain. He lives in a large house of the purest Chilean style. Politics is his passion. His dominant feature is his decisiveness. "I have been an athlete since childhood, running the 100 and 200-meter distances. Once you have started, you must win. Do not philosophize in sports, but act." He shares an office with Raul Briones, Hernan Rosaslin and Narciso Irurita, all of them members of the DC and of the group of lawyers regarded as the "shock troops" of his party. He talked with El Melocoton.

Key Events

At age 29, "I chose to take decisive action in politics and against this regime."

Important turning points included "when I helped set up the Human Rights Commission."

On 29 March 1984, "El Melocoton was for me a key issue. I found myself alone against Pinochet. Had I not been president of the FDC, I would not have hesitated even a second to denounce Pinochet immediately. But I found myself alone. I even put up the 10-million-peso bond. I met with Pinochet face to face. They asked if I was afraid, but I believe that we exposed Pinochet. It is very difficult for a military person to find himself involved with a crime. We caught him by surprise and he was in very poor shape. I saw him stammer and stutter on television."

[Question] Did you consider this a triumph?

[Answer] I did not like to see him stammer. It was a question, however, of putting an end to the dictatorship. What I was interested in was talking to the military.

An Unusual Question

[Question] What is your impression of Pinochet?

[Answer] Pinochet is an atypical phenomenon in this country. He is a tremendously decisive person, a person who knows how to exercise power and has learned to do it. He may have stumbled at first, but today, after 13 years, he knows the worth of a number of people. He is a man of instinct, but his military views distort what is good for the country. The parties made a mistake with this man. They believed that he would be easier to deal with. No one took him seriously at the start, and I believe that Pinochet had quite clear ideas from the beginning as to how to take over the army and make use of the right wing. He knew instinctively how to radicalize the problem of the PC and he had a continuing determination to destroy the DC. The man has his virtues....

But he has weak points as well. It is there that he must be dealt a blow, with every available resource, no quarter given. For example, he has confused his own future with that of Chile and his problems with those of Chile. The best thing is that this will come to an end. No reasonable solution is possible with Pinochet.

[Question] What role is the DC playing at the present moment in politics?

[Answer] Today the DC wants to rebuild democracy, to restructure itself through renovation and helping in the reconstruction of the other democratic parties. I would further say that the DC has thrown down a cultural challenge to democracy, demanding that it expand in order to intimidate the dictatorship.

[Question] Minister Cuadra has said that the DC is a party not of the center, but of the left, and is therefore polarizing the Chilean political spectrum.

[Answer] The DC appeared in Chilean political life to promote the social and economic changes which will make justice possible. Obviously, in the effort to change the country's structures, we will appear to some to be a party of the left. However, we are also a party of order. We want to carry out these changes in an orderly fashion within the law. Today, with the dictatorship, we are struggling for a major democratic change. Clearly, to anyone who, like Minister Cuadra, supports the dictatorship, whatever garb he may don, and who would do anything he could to prevent a democratic recovery, we are obviously going to appear to be leftists.

[Question] However, the agrarian reform and the Tomic government plan--community socialism, which is quite similar to Allende's--are they not proof that the DC has always been a party of the left?

[Answer] The problem of agrarian reform is a thing of the past. I personally do not advocate pursuing agrarian reform today. I favor instead a basic agreement among the workers sector, the businessmen and the state, with a very clear commitment to the economic and social development of these problems, whether it be called efficient, revolutionary or leftist government.

[Question] Can you answer the charge that the PDC is a party of the left?

[Answer] I believe that the Frei government could be viewed as leftist because of the social and economic changes it has made. I believe that the DC in Chile in no way resembles the right wing.

[Question] What possibility for continuation and triumph does democratic socialism have with a DC which claims to be leftist?

[Answer] If the DC had never existed in Chile, there can be no doubt that democratic socialism could have more easily found its own space. But thank God, we have had a DC party and ideology in Chile. I believe that the DC should strengthen and create a movement beyond the party, and we should have two great allies. One is the democratic socialist movement, and through it a great long-term policy should be drafted to win the largest possible number of leftist votes. I favor good relations with the Socialist Party, which should be the cultural heir of Kautsky, not Leninist or an appendix of the PC.

[Question] Isn't that what they did with the Democratic Alliance?

[Answer] No. As a statesman, Valdes made a good decision to create the AD as a substitute government, but this led us to a PS which was to the right of the left wing, and this was a bad alliance for us. I am interested not in a PS which is to the right of the left wing, but one which will win votes away from the PC.

[Question] And what about the right wing?

[Answer] We need a democratic right wing. For example, I have high regard for the National Party--it broke with Pinochet. It would be our second ally.

[Question] Do you value highly what the National Union has done?

[Answer] No. This is why I said the National Party. I am interested in people who have broken with Pinochet. In my view the UN people have not. I believe that people can be divided in two groups--those who are with the government and those who are thinking of leaving the government.

[Question] Isn't it good to have a bridge between the opposition and the government?

[Answer] Absolutely, but I believe that this bridge, if that is what the UN is, is very fragile, because Pinochet pays no attention to it. The UN is in a slightly less ambiguous position than the UDI. The UDI is entirely clear with the government, and in the final analysis the UDI, or something like that, might be the answer.

[Question] Is the UDI a bridge?

[Answer] I do not know. But I believe that one who is in an ambiguous position is not respected either in the government or elsewhere.

[Question] However, the government is meeting with the UN now.

[Answer] We will have to wait to see what these conversations produce. But if by chance they produce political laws, it will mean nothing to me, because they will be laws under this constitution and this constitution will not serve to resolve the Chilean political problem.

[Question] What outcome of these talks would be satisfactory, in your view?

[Answer] To begin with, the UN is not a proper opposition interlocutor. In the hypothetical event that someone goes to Pinochet or the armed forces, it must be on the basis that Pinochet is convinced that this must happen. And the solution should be proposed to him here--a plebiscite, between the 1925 and the 1980 constitutions. The fact is there is no basic institutional consensus here. There is not even a consensus in the Junta. Out of four members, three favor amending the constitution. When there is this level of dissent, one must get to the root of the problem. It began on 11 September 1973. The military officers swore on their honor to reestablish the institutional system which had broken down. They stated this in the document which established the Junta, and in addition, they said that they would respect the 1925 Constitution. They invoked the legitimate right of rebellion to reestablish the institutional system. They were committed to respecting the 1925 Constitution. The most that they could do, and the College of Lawyers told them so in 1973, was to provide temporary norms while the state of emergency lasted. Pinochet departed from the original determination of the statement, and imposed a constitution on us. And that is what has produced the whole divorce in our national life.

[Question] Patricio Aylwin, of your own party, has said that in order to resolve this dilemma, the 1980 Constitution must be recognized as a fact.

[Answer] Yes, this suggestion was included in the National Accord and it came up against Pinochet's refusal to hear of it. The solution now is to hold this plebiscite.

[Question] Erase everything and start a new page?

[Answer] I don't know if that is true, because the only thing which remains of the 1980 Constitution is the temporary Article 24. We have also spent 5 years being governed by the will of this gentleman.

[Question] What if the peaceful solution for the country depends on respect for the 1980 Constitution?

[Answer] This constitution does not serve the purpose.

[Question] But if the armed forces are committed to it....

[Answer] The armed forces swore allegiance to the 1925 Constitution.

[Question] But now, that of 1980.

[Answer] They swore on the 1925 Constitution, and thanks to it, they defeated Allende. I ask them today to honor their oath, and to be true to their military honor. Let them measure up to the public faith placed in them. It is their moral obligation. They swore on the sword of O'Higgins and the 1925 Constitution.

[Question] Now they have sworn on the 1980 Constitution.

[Answer] Do not forget that it was imposed by a decree of the Junta. The plebiscite has no validity. They took for themselves a constitutional authority to which they were not entitled.

[Question] Doesn't it seem to you Utopian to urge this plebiscite if the armed forces are publicly and officially committed to the present constitution?

[Answer] And doesn't it seem Utopian to you to insist on the 1980 Constitution, which the overwhelming majority in the country rejects?

[Question] But it was approved by the overwhelming majority in the country.

[Answer] The overwhelming majority in the country did not approve it, but only ratified it in a crooked plebiscite. If the people had been so sure about its legitimacy it would not be they themselves who are urging that it be changed today. Those who are certain of legitimacy never look back.

[Question] The 1925 Constitution was also amended, but that did not mean that it lacked legitimacy.

[Answer] No. Constitutions are not legitimate or illegitimate because they are amended.

[Question] Obviously.

[Answer] What is happening is that the 1980 Constitution initially excluded an important sector of the Chilean citizenry, and this is not reasonable. A constitution, which is more than a juridical norm, establishes the equation of power, as La Salle said. I am convinced that the 1925 Constitution is a good one. Why abandon a historic text, and one which is also legitimate and shared by the entire country? The 1980 Constitution was not fully applied, and in my view it is an aberration.

[Question] Andres Zaldivar does not say that. His idea is a plebiscite on the 1980 Constitution alone.

[Answer] He is behind the times. Politics moves very rapidly. In the end, he will come around to this other idea.

[Question] How do you see Andres Zaldivar within the party?

[Answer] As a good brother...

[Question] Would he be your leader?

[Answer] I have none.

[Question] Why was he presented as the third alternative, along with Valdes and Hamilton, in your party's last election?

[Answer] I have always during these years maintained a very hard position against the dictatorship, but always with a very clear DC profile. I do not believe in negotiation, like Hamilton, and with regard to Valdes, my hope is for a more definite mobilization by the DC itself.

[Question] Without the communists.

[Answer] Yes. A nonviolent but active mobilization. In addition, my candidacy involved harsh criticism of the AD, and I sought the renewal of the leading cadres.

[Question] In what way can the lack of renewal in the DC be seen?

[Answer] Some have criticized one leader for lack of experience. Well, to speak the truth, I say that there were others who had so much experience that 11 September 1973 had the results it did in Chile. In addition, in these years of dictatorship, a great deal of work has been done by individuals other than those who had full hegemonic control of internal party power in the past.

[Question] You criticized the leadership of Valdes.

[Answer] Obviously. But I cannot go into detail about it here.

[Question] Are these criticisms still valid?

[Answer] Some, yes, while others are new. There are also positive things.

[Question] Last year, QUE PASA published a 1984 report from the U.S. embassy which said that the DC was "flirting" with the left wing, placing blame indirectly on the state of emergency.

[Answer] The American gentlemen must understand once and for all that the interests of the people of Chile are not the interests of the United States and that the DC will serve the interests of Chile.

[Question] But the DC received considerable aid from the United States in the 1960s.

[Answer] Some political sectors aided the DC. And obviously, we are very grateful for this, and all the citizens of Chile should be too--i.e., toward President Carter, and what he did for the observance of human rights.

[Question] Now the United States is being rejected.

[Answer] I believe that freedom which is too easily enjoyed is not valued. We Chileans must win freedom. What I ask of the United States is that it not support Pinochet, because it did so, and decisively, until it saw failure, and Barnes came to change this public image of the United States.

[Question] Vernon Walters said that there was discrimination on the subject of human rights with Chile.

[Answer] This demonstrates what I am saying. I ask the United States government not to intervene domestically, not to support the dictatorship.

[Question] The government is asking the Chilean opposition for the same thing--that foreign parliamentarians not come to interfere.

[Answer] This shows a lack of cultivation on the part of Pinochet. If 60 or 70 parliamentarians come, this is too small a thing to harm Pinochet. If this were a democratic government, it would appreciate the gesture.

[Question] When a foreigner speaks in favor of government it is interference, but when he attacks it is not?

[Answer] I am not interested in so much talk. But what about when there is another kind of continuing aid? This indeed is worrisome.

[Question] Chile should be cut off, then?

[Answer] I do not know if anything should be cut off. I believe that the United States should have a consistent attitude.

[Question] What does a consistent U.S. attitude toward Chile mean?

[Answer] It should show the same zeal as it does for Nicaragua. Why assess Nicaragua in a different way? Obviously, I am not asking for support of the Contras.

[Question] In your view, which is the greater enemy--the PC or Pinochet?

[Answer] Pinochet, because without Pinochet the PC would not be following the violent path.

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CUBA

DEBT PAYMENTS, CALL FOR NONPAYMENT EXPLAINED

Havana CUBA SOCIALISTA in Spanish Jan-Feb 86 pp 53-65

[Article by Dr Jose Luis Rodriguez, deputy director of the World Economic Research Center (CIEM)]

[Text] Ever since our country began voicing its position on the Latin American debt crisis, the imperialist propaganda media have been advancing the argument that Cuba does not have the right to call for nonpayment of the Latin American debt, inasmuch as it continues to reschedule and pay back its debts to capitalist banks. Likewise, some have indicated that while Cuba attacks the International Monetary Fund, it agrees to its creditors' adjustment programs, which are similar to the ones that the IMF imposes on the rest of Latin America.

Cuba's positions on the Latin American debt thus bear clarifying.

Not only has Cuba explained its political, moral and legal arguments for proclaiming that the debt is unpayable; it has also demonstrated mathematically why it cannot be paid off. Commander in Chief Fidel Castro has said in this regard: "I have done all the calculations, I have studied all of the variations, and on the basis of the magnitude of the debt, both as a whole and in each of the individual countries, I have come to the conclusion that it cannot be paid back, either as a whole or by almost no individual country; the country that could would be an exception..."¹

Given current international economic conditions, only a country in exceptional circumstances can pay back its debt.

The only country that meets those conditions in Latin America is Cuba.

Indeed, "it was not social change alone that made the revolution's achievements possible...How has all this been possible? Well, because a sort of new international economic order has been established in our relations with the socialist countries...Cuba has not resolved its problem only through a desire for social justice and through social change. It has resolved it precisely because it has economic relations that are different from the historic relations that we are talking about between the countries of Latin America and the Third World and the developed capitalist world."²

Thus, in Latin America "...we are the only ones who can and want to pay back our debt; we have the will to pay it back, the will and the potential..."³

The socioeconomic development process that Cuba has carried forward over the past 26 years has certainly required international financial cooperation, particularly from the socialist countries.

"...under the conditions in the underdeveloped world today, external financing is one of the major requirements for change in the economic structure, change that is implicit in overcoming backwardness. Such change demands access to financial resources, which are indispensable for undertaking the investments that change requires, resources that, moreover, cannot be generated altogether domestically, if we bear in mind the limitations imposed by the structural deformation of the economies in the so-called Third World."⁴

Nevertheless, both the amount and the role that such financing is called upon to play in economic development largely depend, on the one hand, on the economic structure and level of development attained by the country and, on the other, on the conditions under which the loans have been secured, their actual use and the stipulations for their repayment.⁵

Therefore, the debt contracted with the Soviet Union and other socialist countries cannot be analyzed in the same manner or lumped mechanically in with the debt contracted with the developed capitalist countries. As we will see, the reason is that the domestic economic effect of foreign loans is completely different, depending, above all, on the conditions on which they are secured and are to be repaid.

Hence, in Cuba's case, we must differentiate between the sources of foreign financing that the country has secured for its development as of 1959, bearing in mind the differing repercussions of the aforementioned elements on its economy.

The loans received from the socialist countries have been significantly and unquestionably advantageous to the country. "A typical (commercial) loan from the USSR calls for deferred payment of 100 percent of its amount, over a period of 12 years and at an interest rate that never exceeds 4 percent. In contracts for equipment, payments begin the year after delivery, while for complete projects and plants repayment starts 2 years after the last item needed to bring the project on line is delivered."

"In the case of financial credit, 100 percent of the amount is deferred, with a 25-year payback period and at a 2 percent interest rate."⁶

It should also be noted that loans can be paid back in goods and services.

As part of the investment efforts that the Cuban economy has made over these years and thanks to a temporary improvement in commercial and financial relations with a group of capitalist countries, large loans were secured as well in the 1970's; they consequently boosted the foreign debt in freely convertible currency from 291 million pesos in 1969 to 2.91 billion in June 1982.⁷

In contrast to most of Latin America's debt, such borrowing was not the result of irresponsible financial policy.

Indeed, "...the only path left open to the country, given the situation inherited from previous governments and owing to political events in the 1960's that had economic repercussions, was to invest through a massive inflow of foreign funds, whose rate of growth could begin to be halted towards the end of the 1980-1985 5-year period (in other words, after an obviously minimum development program had been in place for about 10 years) and reduced somewhat after that."⁸

Moreover, "...no one stole a single cent of the money that our country received; not a single cent fled the country or was squandered. It was all invested in our homeland's economic and social development. The same cannot be said of the gigantic debt of Latin America and the Caribbean."⁹

To summarize what we have said so far, the conditions for securing and paying back the foreign loans that our country has gotten over these years from the socialist countries and from the developed capitalist countries are strikingly different. (See Table 1)

Table 1. Comparison of Terms on Loans Obtained by Cuba

<u>Source</u>	<u>Prevailing Interest Rate</u>	<u>Repayment Period</u>	<u>Predominant Form of Payment</u>
Socialist countries (USSR)			
Commercial credit	4 percent	12 years	Goods and services
Development credit	2 percent	25 years	"
Capitalist countries			
Commercial credit	Floating*	5 years**	Freely convertible currencies

*Related to the prevailing market rates at a given moment. The prime rate in the United States is currently 9.5 percent and the LIBOR [London Inter-Bank Offered Rate] is 8.5 percent; the rate until 1978 hovered between 6 and 8 percent.

**Applies to half of the loans contracted until 1982, according to data from the National Bank of Cuba.

The difficulties inherent in every development process have also forced our country to reschedule its debts. Here too there have been substantial differences between the socialist countries and the capitalist banks.

In the case of the Soviet Union, for example, this sister nation "...made fresh efforts in the 1970's to offset the United States' permanent financial

hostility towards Cuba by reaching an agreement with the country on extending the repayment period of the economic and financial loans signed before 23 December 1972. Payments are supposed to recommence in 1986, with no interest calculated during the extension period." 10

In 1985 it was reported that "...debts to the Soviet Union that are to repaid starting in 1986 will not adversely affect the balance of payments during the 5-year period beginning that year, because they have been refinanced on favorable terms." 11

The two reschedulings clearly illustrate the Soviet Union's solidarity with a country like Cuba, which is faced with the enormous difficulties entailed in surmounting underdevelopment.

Commander in Chief Fidel Castro has noted in this regard: "We have no financial problem with the USSR. As a result of imbalances and credits, the debts do not harm us in the slightest. Whenever we have asked for a 5-, 10- or 15-year postponement without interest, we have gotten it without any difficulty. The socialist community cannot say this about private Western banks. And the USSR has maintained an exceptionally friendly and favorable attitude towards us." 12

The capitalist banks have behaved quite differently. After interest rates jumped unexpectedly in 1978, debt servicing payments increased sharply. Estimates are that the increases in rates above the average 1978 level led to some 582 million in excess payments between 1979 and 1982. 13

The country's situation also worsened because of the growing hostility of the U.S. Government, which pressured the international capitalist community to impose a complete commercial and financial blockade on Cuba.

As a result of these pressures and in the midst of a general contraction of the capital market, between October 1981 and August 1982 alone the equivalent of 470 million pesos net was withdrawn in loan proceeds from bank deposits in Cuba. 14

The convergence of all the aforementioned factors, plus the fall in sugar prices, led to a very strained financial situation in the summer of 1982. Thus, in spite of the domestic austerity measures that were taken, the expansion of export stocks, the restrictions on imports from the market-economy countries and the cooperation from the countries of the socialist community, Cuba's freely convertible foreign exchange reserves dropped by 60 percent in 6 months, hitting a low of 110 million pesos in August 1982. 15

Under these circumstances, in September 1982 the National Bank of Cuba asked to reschedule part (36 percent) of the medium-term foreign debt in freely convertible foreign exchange.

The move was based "...on the Republic of Cuba's status as a developing country; it is necessary because the country has been the victim of ongoing harassment by U.S. administrations 16 (the present administration has intensified it considerably) and because of the sugar policy that is being

pursued by some of the main sugar-beet-producing countries with market economies. Cuba is a country under attack and, therefore, demands conditions that will mitigate the consequences of the aggression."17

Our economy's soundness and creditworthiness were put to the test. There were difficulties in rescheduling the payments due in 1983, but eventually the outcome was satisfactory, in spite of the pressures of every kind that the United States applied in an effort to scuttle the talks.

In September 1982 Cuba had proposed rescheduling 100 percent of the principal payments due in 1983, with a 3-year grace period and 10 years in all to pay. The agreements reached on the government debt in March 1983 called for a rescheduling of 95 percent of the amount to be repaid in 1983, with a 3 1/2-year grace period and 8 1/2 years in all for repayment. Payment was thus postponed on 578 million pesos.¹⁸ This first rescheduling called for an interest rate 2.25 percent above LIBOR and a commission of 1.25 percent.¹⁹

Moreover, the steps contained in what has come to be called the "adjustment program" were satisfactorily carried out.

"The targets selected for inclusion in the annex to the agreement signed in Paris on 1 March 1983, compliance with which the creditor countries made a condition for favorable consideration of a 1984 interest-payment rescheduling, were fundamentally complied with..."²⁰

We should clarify in this regard that the aforementioned agreement has nothing to do with the adjustment programs that the IMF has been systematically imposing on other Latin American countries, inasmuch as in essence it includes only parameters directly related to Cuba's supply of freely convertible foreign exchange.

Referring to the domestic economic policy that our country is pursuing, the commander in chief has clearly set forth what makes us different: "We do not go around doing things such as leaving the elderly with less assistance, retirees with smaller pensions, the sick with less medicine, the hospitals and schools with less funding; we do not sacrifice social programs..."²¹

Indeed, if we examine the trend in the State budget between 1981 and 1984, social spending did not decrease; it rose sharply. (See Table 2)

Later, in the spring of 1984, a second rescheduling was undertaken with Western banks. This time Cuba asked for a longer repayment period, including a 5-year grace period.²² According to ECLA [Economic Commission for Latin America] data, at this rescheduling Cuba obtained a 5-year grace period, plus 4 more to repay, and an interest rate 1.88 percent above LIBOR.²³

Thus, the debt reschedulings so far with the capitalist banks have been strikingly different from the ones with the Soviet Union. Furthermore, they have highlighted our country's financial prestige and the relative unimportance to our economy of debts with the West. The amount rescheduled as a percentage of our debt in freely convertible currency dropped from 53 in 1983 to 40 in 1984 and to an estimated 29 in 1985, while debt servicing with

the industrialized capitalist world absorbed just 8.56 percent of the value of our total exports, according to 1985 data.²⁴

Table 2. Budget Expenditures (in millions of pesos)

<u>Category</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Average Annual Growth Rate</u> <u>1981-1984</u>
Housing, community services	467.5	473.4	622.8	772.7	18.2 percent
Education, public health	2,006.7	2,096.8	2,210.2	2,424.5	6.5
Other socio- cultural, scientific activities	1,401.8	1,495.0	1,683.1	1,854.8	9.8

Source: State Committee for Finances

Cuba has more than once clearly set forth its position on debts to the capitalist banks.

Commander in Chief Fidel Castro has noted: "We are one of the few countries that can and ought to pay back its debt. The reasons are economic and moral."²⁵

As far as the moral aspect is concerned, Fidel specified: "These companies, these banks trusted us, in the midst of the U.S. blockade and pressures. They trusted us as a responsible country, and therefore honoring these commitments is something sacred to us."²⁶ He has also cautioned, however, that our country cannot be pressured in any way: "...we had to tell them: we want to seek answers and we want you to cooperate, but if you listen to the Yankees, we regret that greatly, because then we are going to tell you under what conditions we are going to pay, on what terms and over what period of time."²⁷

From an economic standpoint, Cuba has been able to meet its obligations thanks to its impressive development over this 5-year period.

The projected annual growth rate of the gross social product between 1981 and 1985 was five percent. Later, the yearly plans adjusted the figure to 8 percent in 1981, 2.5 percent in 1982, 2.5 percent in 1983 and 4-4.5 percent in 1984. Real growth, however, was 12, 2.7, 5.2 and 7.4 percent, respectively.²⁸

These successes were largely due to higher labor productivity, which was up 10 percent in 1981, 1.7 percent in 1982, 3.5 percent in 1983 and 5 percent in 1984, making an average annual increase of 50 percent over 4 years [sic].³⁰

This performance contrasts starkly with Latin America's over the same period. While Cuba grew at an average annual rate of 6.8 percent, with a 5.9 percent

per capita increase in its gross social product, Latin America posted no growth and recorded an 8.9 percent drop in per capita gross domestic product.³¹

Lastly, it is important to emphasize that Cuba's stand on Latin America's foreign debt has nothing to do with our country's particular interests.

Indeed, Cuba has stated that it subordinates its national interests to international interests. "And we say: We are not waging this struggle for Cuba; Cuba will do whatever the others do...We say: We are the only ones who are calm, who have no problems, who are in the best position to wage this struggle...We feel that our obligations to the countries of the Third World, for whose interests we are struggling, are sacred. Even if the debt were to be canceled, we would pay back the Mexicans, the Argentines and any other Third World country that has granted us loans, among other reasons because we can and must do so."³²

Truly, "...Cuba's great merit is that it is waging a battle in connection with a problem that is affecting Cuba the least. I think that there is no better proof of solidarity with the countries of Latin America and the countries of the Third World, and it is waging the battle because it can, because they cannot threaten it, because they cannot muzzle it."³³

FOOTNOTES

1. Fidel Castro, "Our Struggle Is the Struggle of Latin America and the Third World," interview with the Mexican daily EL DIA, Havana, 8 June 1985. Published by the Office of Publications of the Council of State, Havana, 1985, p 3.

2. Fidel Castro, "Meeting on the Status of Women in Latin America and the Caribbean Today," closing speech, Havana, 7 June 1985, Editora Politica, Havana, 1985, pp 31-32.

3. Fidel Castro, summation at the Seventh Regular Session of the National People's Assembly, Havana, 28 December 1984, OR Editions, October-November-December quarter, Editora Politica, Havana, 1984, p 133.

4. Jose Luis Rodriguez, "External Financing for Development," CUBA SOCIALISTA, No 2, Havana, 1982, p 95.

5. In relation to this point and subsequent material, see Jose Luis Rodriguez, "A Bourgeois Approach to the Cuban Economy's Foreign Sector," CUBA SOCIALISTA, No 14, Havana, 1985, pp 78-104.

6. National Bank of Cuba, "Economic Report," August 1982, p 15.

7. National Bank of Cuba, op. cit., p 44.

8. National Bank of Cuba, op. cit., p 16.

9. Fidel Castro, "Paying Tribute to the Empire or Paying Tribute to the Homeland" (dialogue with the delegates to the union conference of Latin America and Caribbean workers on the foreign debt), Havana, 18 July 1985, Editora Politica, Havana, 1985, p 69.

10. National Bank of Cuba, op. cit., p 15.

11. National Bank of Cuba, "Economic Report," February 1985, p 3.

12. Fidel Castro, "First National Energy Forum," closing speech, Havana, 4 December 1984, Editora Politica, Havana, 1984, p 77.

13. National Bank of Cuba, "Economic Report," August 1982, p 37, and "Economic Report," March 1984, p 28.

14. National Bank of Cuba, "Economic Report," August 1982, p 51.

15. Ibid, p 452.

16. The National Bank of Cuba has estimated the cost of the U.S. blockade to our country at \$9.08 billion as of 31 December 1981. See National Bank of Cuba, "Economic Report," August 1982, p 13.

Assuming that the impact was similar over the ensuing 3 years, we can estimate that the figure stood at \$10.43 billion as of 1984. (Also see, State Committee for Economic Cooperation, "Actions Taken by the U.S. Government in its Economic Relations with the Republic of Cuba," ECONOMIA Y DESARROLLO, No 68, Havana, 1982).

17. National Bank of Cuba, "Economic Report," August 1982, p 55.

18. National Bank of Cuba, "Economic Report," August 1982, pp 17, 55-56, and "Economic Report," March 1984, p 35, and GRAMMA, Havana, 2 March 1983.

19. ICLA, "Preliminary Assessment of the Latin American Economy in 1984," Notes on economy and development, No 409/410, January 1985, p 19.

20. National Bank of Cuba, "Economic Report," March 1984, pp 17-18.

21. Fidel Castro, "There Is No Alternative: Cancellation of the Debt or the Political Death of Democratic Processes in Latin America," interview with U.S. citizens Mervyn Dymally and Jeffrey Elliot, Havana, 29 March 1985, Editora Politica, Havana, 1985, p 13.

22. National Bank of Cuba, "Economic Report," March 1984, p 35.

23. ICLA, op. cit., p 20.

24. National Bank of Cuba, "Economic Report," February 1985, p 37, and Fidel Castro, "Meeting on the Status of Women in Latin America and the Caribbean Today," closing speech, Havana, 7 June 1985, p 38-39.

25. Fidel Castro, "First National Energy Forum," closing speech, Havana, 4 December 1984, p 61.

26. Ibid., p 62.

27. Fidel Castro, "Meeting on the Status of Women in Latin America and the Caribbean Today," closing speech, Havana, 7 June 1985, p 44.

28. Humberto Perez, Report to the National People's Assembly, GRANMA, Havana 30 December 1981, 29 December 1982, 23 December 1983 and 29 December 1984, respectively; the State Committee for Statistics, "1982 Statistical Yearbook of Cuba" and "The Cuban Economy 1983," and the aforementioned reports of the National Bank of Cuba.

29. In all cases these are preliminary figures.

30. See footnote 28.

31. BCLA, op. cit., p 12.

32. Fidel Castro, "Paying Tribute to the Empire or Paying Tribute to the Homeland," dialogue with the delegates to the union conference of Latin American and Caribbean workers on the foreign debt, Havana, 18 July 1985, pp 68-69.

33. Fidel Castro, "Meeting on the Status of Women in Latin America and the Caribbean Today," closing speech, Havana, 7 June 1985, p 40.

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CSO: 3248/482

CUBA

NEW FEMALE CENTRAL COMMITTEE MEMBER PROFILED

Havana VERDE OLIVO in Spanish 27 Feb 86 pp 10-11

[Article by Mayra Pardillo]

[Text] The young woman goes out at night to a residence near her home at the request of a patient. She has not had time to change the clothes she wears around the house. The patient's family is a bit disconcerted when they see her: She has such a youthful figure and such a young air about her that they can only ask, both incredulously and admiringly, "But are you the doctor?"

The same thing happened to us, because we were expecting to find a woman who had gone beyond the limits of youth. Our surprise gave way to wonder at the discovery of a girl whose personality combines all the essential features necessary to carry out such important functions . . .

It is difficult to arrive at the Lawton General Polyclinic and find Dr Maria C. Reyes Fernandez. Now, if you ask for Cristina, or Cristy, or for the delegate, then anyone can tell you where to find her.

Diminutive, dynamic, and talkative--although she denies that she enjoys talking--she meets with us after finishing up a meeting with the clinic director, to begin a pleasant chat.

During her student years she had trouble deciding between teaching and a medical career, but her true vocation finally won out, and by 1977 she had her degree "in hand."

For 7 years she was a member of the Union of Young Communists (UJC), and during that entire time she took on a variety of tasks until she became a member of the board of the 10 de Octubre Clinical and Surgical Hospital base committee. She worked at that hospital until 1978.

A year later, she began the process for joining the ranks of the Party. She was accepted, and in late 1980 she became the secretary general of the nucleus. She has held that post ever since, and in 1983 she became a member of the Municipal Committee of the Communist Party of Cuba.

Between 1982 and 1983, she and her comrades at the polyclinic decided to find a method for ensuring medical care for the family unit, inspired by the commander in chief's statements regarding the need to make progress in the health field.

They were the pioneers in what is today known as family medicine.

In late 1983 and early 1984, they began an experiment with the participation of 10 doctors and an equal number of nurses. This past year the initiative extended to 100 percent of the area's population.

Maria Cristina recalls that in this regard, the contribution of the mass organizations and neighborhood associations was invaluable. "Now there are 43 doctors and 43 nurses devoted entirely to this wonderful task."

"The first medical exams were conducted in empty buildings and even vacant garages, and then the offices began to be built. At this time, two-story buildings are being constructed with the office below and living quarters above for the family practitioners. This facilitates close ties between them and their patients," she says.

Among her jobs are supervising the physical plant, practicing medicine daily at the polyclinic, and providing consultation to the teaching program.

Several years in a row she was elected outstanding worker. Her work in organizing the family medicine plan was obvious. And the hours she devoted to her functions as secretary general of the nucleus and member of the PCC Municipal Committee speak for themselves.

Her voice was heard by thousands of delegates from all corners of the country and the world, as she described the development of the family medicine institution and its prospects. For her "it is a very pleasant task, because we care for the family unit as a whole, and we are able to analyze the different factors that affect illness. We are already beginning to work on the basis of house calls, for example, with pregnant women who show signs of premature labor. This provides psychological benefits to the patient. In addition, this enables us to detect some illnesses early, because we go out to find the patient."

Attending the 3rd Congress was a great joy for her, and being elected to the Party Central Committee was a surprise, "because there are many comrades with extraordinary revolutionary records."

"My greatest source of satisfaction? The recognition of my comrades, their esteem and support in carrying out all these tasks. The greatest gift is when I am out on the street and run into one of the people I have treated, and they greet me with affection. Imagine, some old people came here just to congratulate me when they found out I had been made a delegate."

"Now I have a great commitment to carry out. I am working to deserve the people's confidence, and I want to do everything right. I believe that since I am young, I still have many things to do, much self-improvement to carry

out, and as a revolutionary principle, I must provide internationalist cooperation. I am ready and willing!"

Today she says proudly that her center has been in the national vanguard as a model unit since last year.

This woman, who is happy to have an 8-year-old son, who is very sensitive to anything involved in prolonging the lives of human beings and is capable of leading others, who one day shocked one of her patients with her youth, is now an example, even though she is still so young, of the tremendous progress that women have made in our society.

8926

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CUBA

YOUNG SERGEANT DECORATED FOR INTERNATIONALISM IN ANGOLA

Havana VERDE OLIVO in Spanish 13 Mar 86 p 54

[Article by Hugoberto Mendoza]

[Text] The revolutionary consciousness and training attained by Cuban youths are typical of the combatants who are fulfilling their General Military Service in Angola. They are there voluntarily, contributing to the defense tasks and social projects of that country.

Young 3rd Sgt Ramon Javier Licourt Fernandez is one of those stars of the new generation. He arrived in Angola in 1983.

He told us of his initial impressions regarding the scars left on the country by colonialism, and the customs and traditions of the inhabitants, of which he knew only what his comrades had told him. From that time on, everything was much clearer to him when people mentioned the need to support our brothers in their struggle to defend their revolution.

During his mission, Ramon served as a combat car driver and an instructor in the FAPLA units. There he was able to appreciate the bravery and strong principles of the Angolan soldiers, and the love they have for their people, the Revolution, and the MPLA-Workers Party.

In October 1985 he had the great honor of joining the Union of Young Communists (UJC). He felt tremendous joy, because he was attaining the highest aspiration he had had as a boy. This committed him to maintaining an even more devoted attitude, and to being willing at all times to return to Angola as many times as necessary.

His small stature never interfered with his activities; he never declined to carry out a single task, and marched in the vanguard during the long treks and cross-country hikes involved in maneuvers and exercises, and for that reason he received the "Distinguished Service" Award.

This outstanding soldier, who has faithfully complied with his duties and obligations as an internationalist combatant, comes from the Isle of Youth. His parents, Alberto and Epifania, were always with him in spirit; he told

them of all his impressions about the brother nation, and they always gave him the encouragement he needed to redouble his efforts.

Due to his exemplary attitude, 3rd Sgt Ramon Javier Licourt Fernandez was also awarded the "Internationalist Combatant Medal," first class. Wearing that decoration is a source of great pride for him, an expression of his modest efforts to further the cause of a brother nation.

8926

CSO: 3248/474

GUATEMALA

COMMENTARY BLAMES GOVERNMENT'S INEPTITUDE FOR VIOLENCE

Guatemala City EL GRAFICO in Spanish 4 Apr 86 p 9

[Editorial: "Desperation and the High Cost of Living"]

[Text] In general the Guatemalan people are considered restrained; they do not react violently except when they cannot take any more and have arrived at a desperate situation. These people, who have endured dictatorship after dictatorship, have been consistent in their deep belief in freedom, and from time to time they have risen up against tyrants and exploiters. It is extremely dangerous, now that a civilian and "democratic" government has been reestablished, that popular unrest should be growing unchecked and threatening to erupt in violence, such as happened in September last year when, out of a clear sky, popular uprisings occurred which involved the sacking of private property, the burning and destruction of buses, and even attacks on persons who knew nothing about the problems being protested. The damage was enormous, and the unrest that these street demonstrations generated had no equal in the country's history.

Yesterday a new act of popular violence took place in the village of Morales, Izabel, during which one person died and several were seriously injured; furthermore, a great deal of damage was done to private property and heavy economic losses were sustained. What initially started as a peaceful demonstration of support for the Council for Trade Union Unity in its just protest against the exaggerated rise in the prices of basic consumer items became a violent demonstration in which enraged neighbors unleashed all their indignation for the accelerated impoverishment of which they are the day-to-day victims because of the growing inflation, which shows no signs of being either halted or controlled by government authorities, whose job it is, precisely, to guarantee the people a decent standard of living. If these types of demonstrations become generalized throughout the country, we would fall into a state of undeclared civil war, which would eventually destroy our already precarious economy and drive away investors and the tourist industry, which is beginning to flourish again after a crisis which brought hotel owners, travel agencies and tourist services throughout the country to bankruptcy.

Although there is apparently no connection, the violence which took place 2 days ago in Ciudad Vieja, Sacatepequez, is another incident worthy of attention and study, since it seems unbelievable that the charming people of

one of the oldest and most picturesque cities in Guatemala, second capital of the kingdom during the colonial epoch, could be capable of destroying and burning private property. However, they did so, and with abundant energy. The fact is that the people are already tired of hollow offers and words, of empty promises which do not alleviate their hunger and the desperation into which thousands of our countrymen are slipping, having seen how, instead of improving their standard of living, every day they are being reduced more and more to the status of second-class citizens, to the point where they have to turn to crime in order to support their families. That situation makes it necessary to review and question whether the measures adopted are giving the desired results, or whether on the contrary they are contributing to the even further deterioration of the already precarious social equilibrium which has prevailed in the country for centuries. It must not be forgotten that there can be neither justice nor peace if there is not even a desirable satisfaction of man's minimum needs.

8735/12781

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GUATEMALA

PSD AFFIRMS NEUTRALIST POLICY IN CENTRAL AMERICA

Guatemala City PRENSA LIBRE in Spanish 14 Apr 86 p 2, 79

[Text] The Democratic Socialist Party held its national convention yesterday.

"The Christian Democrats [DC] have demonstrated their incompetence to govern and an open covenant with the right," declared Doctor Mario Solorzano Martinez yesterday after having been confirmed as secretary general of the Democratic Socialist Party during its heated national convention lasting more than 5 hours.

The meeting of the Democratic Socialist Party was held in the hall of the Railwaymen's Union, which was completely filled with the delegates from 17 departments, members and supporters, in addition to delegates from other countries. Among the foreign representatives attending were Gerardo Castillo, of the International Confederation of Social Democratic Free Workers (CIOSL-ORIT), at the international level; Ricardo Aguilar of the Democratic Revolutionary Party of Panama; Jorge Arturo Reina of the Democratic Social Party of Honduras; delegates of the National Liberation Party of Costa Rica and of Democratic Action of Venezuela, and Social Democratic representatives from other parts of the world.

The assembly, which was presided over by Dr Solorzano Martinez, began at 1000 hours and concluded after 1530 hours. During the proceedings, the floor was yielded to the only mayor the party has in the republic, Feliciano Poc Gonzalez, of San Pedro La Laguna, Solala, who was applauded at length during his speech in which he condemned the kidnapping, prosecution, abuse of power, and other irregularities committed against the Guatemalan peasantry.

The new national executive committee of the PSD was formed with Dr Mario Solorzano Martinez as secretary general; Luis Zurita Tablada, assistant secretary general; Julio Fernandez, secretary for branches; Engineer Virgilio Ayala, planning secretary; Saul Alegria, secretary for the metropolitan area; Rafael Quevedo, secretary for election affairs; Valerio Ibarra, secretary of education; Amilcar Alvarez, secretary of finance; Hector Vasquez, secretary of social and peasant affairs; Enrique de Leon, secretary of parliamentary affairs; Miguel Angel Figueroa, recording secretary; and

Eugenia Mijangos, secretary of international affairs. The following were elected as alternate members: Julio Velasco, Humberto Corzo, Manuel de Jesus Godinez, and Carlos Oscal. The program was coordinated by the official spokesman of the Democratic Socialist Party, Edgar Rene Cordova Saenz.

Neutrality in the Case of Central America

After his election, Solorzano Martinez reiterated the need for neutrality in the Central American conflict in order not to cause a war with regrettable consequences and expressed opposition to Reagan's U.S. policy of "100 million" to keep the Contras fighting against the government of Nicaragua.

He said that hunger in Guatemala is in the hands of the bankers, who speculate with our currency, and that if there is a coup attempt, the Social Democrats are obliged to defend the vote because they recognize that Cerezo Arevalo won cleanly but is badly advised and that is the source of the problems occurring at the government level.

The Socialist leader added that the DC government has demonstrated incompetence to govern and that it has an open covenant with the right and is absolutely ineffective in making decisions. "This," he said, "does not constitute an attack in any way but is the feeling of the people of Guatemala."

Also present were the ambassadors of Venezuela and Nicaragua, Jesus Elias and Orlando Rojas, respectively.

8711/12781
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GUATEMALA

DEPUTY LOPEZ OUTLINES SCOPE OF HUMAN RIGHTS OMBUDSMAN

Guatemala City PRENSA LIBRE in Spanish 28 Apr 86 p 104

[Text] "The public solicitor must be an individual who will operate effectively and defend human rights that are constantly violated," said Deputy Francisco Lopez Vidaurre, on analyzing the role assigned to that new position.

"It is an extremely interesting and sensitive aspect because it is a new position that has been created in our constitution and it will scrupulously fulfill its assigned objectives, such as the guarantee that human rights will finally be respected in Guatemala, which is a pillar of true democracy."

Lopez Vidaurre, a deputy from Guatemalan Christian Democracy, said that the human rights solicitor is what was originally called an ombudsman and began in Sweden. It was created recently in Spain and is now embodied in the constitution of the Republic of Guatemala.

The parliamentary supported the duties of that position in the opinion of Fairen Guillen, who said that the "incumbent is empowered by the parliament for the supervision of the government, the defense of public rights and legitimate interests of citizens regarding the former [the government], periodically reporting on his work to parliament or whenever he deems it appropriate because of the seriousness of any matter."

He said that in order to study the functions of the ombudsman, it is necessary to begin from the fact that he is not a judge or a tribunal; that he does not have jurisdiction since his agreements or decisions are suggestions addressed on occasion to an administrative authority involved in the specific case or of the complaining citizen.

"One may ask," he said, "if he does not have any jurisdictional power then where does his influence lie? It lies in the "auctoritas"; the affirmation of the indisputable validity of an act, based on a number of high moral values ratified by tradition."

Lopez Vidaurre said that one can deduce from this the great value of this legal figure in the code of law, as well as in its sensitive interpretation in a society such as ours, which obliges all legislators to give it all due consideration in order to create a position that will operate effectively and not be just another ornamental bureaucratic position, allowing the constant violation of human rights in Guatemala.

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CSO: 3248/440

GUATEMALA

ELIMINATION OF VALUE ADDED TAX FAVORED

Guatemala City EL GRAFICO in Spanish 17 Apr 86 p 9

[Editorial: "Elimination of the IVA; Relief for the Guatemalan People"]

[Text] Among the tax reforms the government proposes to implement when the Plan for Economic and Social Reform--which has been proposed for various sectors of the country--begins to function, President Vinicio Cerezo mentioned yesterday the possibility of eliminating or reducing the Value Added Tax, or IVA, which adds an additional 7 percent to the actual price of all products, including most basic consumer articles. The decision, the chief executive explained, has not yet been made, since its effects are being evaluated, as well as what substitute taxes would have to be implemented in order not to significantly affect fiscal revenues.

In this regard the president said that possibly the stamp tax might be increased, or other direct taxes imposed on non-productive lands and on income and production, as well as on some services. But he explained that this will not be decided until the period of "concord" between the various sectors of national activity and of the government, to decide whether to eliminate or reduce the IVA, has ended. The attempt to eliminate the IVA is not new. It has been proposed before as a way to alleviate the increasingly heavier burden of the Guatemalan people, particularly the poorest and most needy sectors of our society, who are the ones who feel the greatest impact on their meager savings of the rising prices of all the products that are indispensable for their subsistence. It is for this reason that President Cerezo's words have found a favorable echo among the people, who hope that from the discussion of the Plan for Economic Reform--"the big package," as it is already called--the best initiatives can be chosen to make it an efficient instrument which will truly benefit the citizens.

The IVA, created during the de facto government of Gen Efraín Ríos Montt after the coup d'état which overthrew General Lucas García in March, 1982, was opposed by the people from the beginning. But now, when the quetzal has lost almost one-third of its buying power and there is no harmonic relationship between prices and wages, it is imperative that the IVA be eliminated or reduced substantially. President Vinicio Cerezo is faced with a historic obligation to free the Guatemalan people from this already unbearable burden of taxes which, like the IVA, are applied indiscriminately and punish most heavily those who have the least.

GUATEMALA

CONSTITUTIONAL COURT MEMBERS APPOINTED

Guatemala City EL GRAFICO in Spanish 10 Apr 86 p 5

[Text] The congress of the republic yesterday elected the magistrates who will comprise the constitutional court, in fulfillment of the provisions of article 269 of the constitution of the republic.

According to the provisions of the constitution of the republic, the constitutional court is a permanent tribunal of special jurisdiction, whose essential duty is the defense of the constitutional order, acting as a collegial tribunal independent of the other state organs and exercising the specific duties assigned by the constitution itself.

The congress approved the decree-law that declares the following attorneys as magistrates of the constitutional court: Hector Horacio Zachrisson Descampa, Edgar Enrique Larraondo Salguero, Alejandro Maldonado Aguirre, Adolfo Gonzalez Rodas, and Edmundo Quinones Solaresano.

The following attorneys were elected as alternates: Jorge Mario Garcia Laguardia, Gabriel Larion Ochalta, Jose Roberto Serrano Alarcon, Fernando Barillas Monzon, and Edgar Alfredo Balasella Tojo.

The decree-law approved by congress convenes the titular magistrates and their alternates to the constitutional court on 14 April, when the said court will be installed.

Congress president, Deputy Alfonso Cabrera, said that the court will be installed next Monday and its president will be named.

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GUATEMALA

BRIEFS

GOVERNMENT EMPLOYEES SUSPECTED OF SMUGGLING--Guatemala, 5 April. The government suspects that some of its employees are involved in smuggling staple products out of the country, President Cereno stated yesterday as part of his press conference given while he was leaving the reception room at the National Palace. The president was asked if there are civil servants involved with the smugglers. He replied that that possibility is being investigated. However, he said later, it is believed that this may actually be true. He added that employees who are found to be involved in the crime of smuggling, against the interests of the people, will be turned over to the courts. President Cereno said that actually the smuggling of Guatemalan staple products, including meat, to foreign countries is being controlled. He cited the case of a busier containing 492 quintals of cardamom which was stopped as it was leaving the country. He also said that they have information about meat and how it is being taken out of the country. (Article by Carlos Garcia Orrea) [Text] [Guatemala City EL GRAFICO in Spanish 5 Apr 86 p 3] 8735/12781

CNO: 3248/451

HAITI

RENE THEODORE'S POLITICAL PAST RECOUNTED

Port-au-Prince LE PETIT SAMEDI SOIR in French 22-28 Mar 86 pp 8, D

[Text] Monday, 16 March 1986, was an historic day. The leader of the Haitian Communist Party, Rene Theodore, was welcomed triumphantly at Port-au-Prince international airport by hundreds of Haitian sympathizers and more than a thousand supporters, most of whom had come from various regions in the liberal south, the western district and the area of Port-Liberte.

Rene Theodore (43 years old), born in Port-Liberte in northern Haiti, is particularly popular in this city in which his father, a prominent middle-class figure, became involved with the phenomenon of Duvalierism very early, even becoming a member of the Chamber of Deputies.

The break between Rene Theodore's father and the Duvaliers came in late 1969, the year in which he became a close associate of Cayard, with whom he later participated in the Navy's abortive military coup d'etat. Rene Theodore himself had always been against his family's alliance with the Duvaliers and distanced himself from the government very early on. An avid reader of Marx, Lenin, Engels and Gramsci, his friends came particularly from the hard-liners of the intellectual left ... which, just after World War II, had already officially established, under the Lescot government, the legal foundations for the party's recognition. Rene Theodore was a 16-year-old schoolboy when the general student strike was declared on 22 November 1960 for release of the 18 Petion High School students arrested by Jean (Sonn) Tassy on the pretext of communist activities. The support of the "Catholic University Youth" group, which accounted for the deportation of the archbishop of Port-au-Prince, Mgr Poirier (of French origin), by Francois Duvalier, was a catalyst: the archbishop was accused of having turned over \$7,000 to "communist students." Mgr Augustin, another Haitian bishop, was in turn deported, the Catholic newspaper LA PHALANGE was shut down and many students' parents were arrested and killed. In January 1961, Roger Lafontant, a sympathizer of the movement, R. Germain, Gilot and M. Chaumette (a medical student) denounced their comrades and wrote out a list of "revolutionary students to be killed." There was widespread panic. This strike seems to have been a determining factor, however, in Rene Theodore's political orientation. On one hand it revealed the weakness of some leftist parties, the Party of Popular Agreement (PEP) and the People's Party for National Liberation (PPNL), which were too easily infiltrated.

Things began to happen in a hurry: the coup d'etat of Col Charles Turnier failed and the operation of young Hector Riobe, a 20-year-old revolutionary who wanted to avenge his father, assassinated by the "tons-tons macoutes," also failed in the hills of Kenscoff (district in Port-au-Prince). In August 1963, Gen Leon Cantave, former chief of staff of the FADH (Haitian Armed Forces), attempted another unsuccessful military coup d'etat. On 25 May 1964, Duvalier was named president for life. In June 1964, communist party forces under the name of FARH (Haitian Revolutionary Armed Forces), led by Fred Baptiste, tried to overthrow Papa Doc with support from students of Pinchinat High School in Jacmel (Port-au-Prince district); the students burned the black and red flag and cheered the blue and red banner. Rene Theodore launched into the fray during the same period. On 5 August 1964, the 13 members of the "Young Haiti" group landed in the south. The repression in Jeremie was brutal and survivors Marcel Numa (20 years old) and Louis Drouin (23 years old) were publicly executed against a cemetery wall in Port-au-Prince in the presence of a large number of the capital's students. Theodore and his friends thereafter sought tactical support in Eastern bloc countries (Prague, 1965; Havana, 1966; the Soviet Union, 1967), but deep differences developed among the militants of the PEP, PPLN and UNEH, a communist student organization, on fundamental ideological issues. To avoid a massacre of the party in 1968, Haitian communists established the "Unified Party of Haitian Communists" (PUCH) from small splinter groups.

On 29 March 1969, the residents of Cazale, on the outskirts of Duvalier-Ville, lowered the Duvalierist flag from barracks' flagposts and cheered the communist banner. Duvalier's army carried out a veritable slaughter a few days later. On 28 April, a law was enacted condemning all communists to death. Rene Theodore and his friends took up arms again and tried to thin out the ranks of the "tons-tons macoutes" by direct action. There were countless trucks filled with corpses. PUCH militants were killed by the dozens. They included: Guy Lominy, Adrien Sansaricq, Gerald Brisson, known as Ti Noi, Niclerc Casseus, Yanick Rigaud, Arnold Desulme, Roger Mehu, Daniel Sansaricq, Alix Lamauthe, Raymond Jean Francois, etc.... PUCH was crushed. Duvalier's latest achievement was due on one hand to the party's corruption, whose ideological and political weakness was blatantly obvious, and on the other to the presence of CIA agents within the Central Committee: they included J. J. Baguidy-Pierre and M. Eyssalem, who supplied information to Major J. Butler of the U.S. Embassy. This signaled the party's total collapse. Rene Theodore managed to escape clandestinely and some time later assembled the remnants of the PUCH machine, which he reorganized in exile. While pursuing serious studies in foreign countries, Rene Theodore concurrently became a familiar figure in many Eastern bloc countries, especially Cuba, where he is known as one of the veritable fathers of the "Manifesto of the Haitian Communist Party." His return to Haiti, prepared by Radio Moscow and Cuban television, received quite clearly in southern Haiti, could only be triumphant, the liberal south having experienced, rightly or wrongly, too much persecution based on a whole series of communist alibis. People still remember the famous leftist movement organized in Port-a-Piment because of this violence, a movement ruthlessly crushed by the "macoutes." Now that Rene Theodore has come back, the cards will be dealt differently for the first time in 30 years. One thing is certain: despite pressures, the CNG (National Council of Government) is in earnest about playing a democratic role. The

crowd that welcomed Rene Theodore with banners and posters bearing the hammer and sickle sensed that things smelled different in Port-au-Prince. The atmosphere was the same at Theodore's press conference in the Park Hotel. Women are already saying that he is "handsome, brilliant and intelligent." His companions, Emmanuel Frederick (a former cane cutter in the Dominican Republic), Max Bourjolly (pardoned by J. C. Duvalier on 22 September 1977) and French Senator Charles Lederman, seemed to have new ideas to propose. What are they? Theodore said he was "ready to march with any force determined to change Haitian society for a better future...." Was he talking about alliances? Everything remains to be seen. Anxiety in Washington is mounting at present, while in Port-au-Prince reverence is being paid to the CNG, which has just scored a major political victory.... Democracy is assured. The people alone will decide. If Theodore is a candidate for president in the upcoming elections, he won't find it an easy task ... opposing Marc Bazin, the favorite of the Americans, or Thomas Desulme, the darling of Caribbean industrialists. After Theodore, Marc Bazin also seems to be in a hurry to return to the United States. The man nicknamed after a detergent, "Mister Klean," will be there in a week.... It's going to be a hot summer.

11915

CSO: 3219/3

HAITI

BRIEFS

NEW GOVERNMENT NEWSPAPER--The Ministry of Information and Public Relations has announced that a new daily newspaper, HAITI LIBEREE, will be published on Tuesday, 25 March 1986. This new press organ, which will take over the material infrastructure of the former LE NOUVEAU MONDE [pro-Duvalier newspaper], is an entity in the service of the Haitian Government under the Ministry of Information and Public Relations. Its goal is to inform, instruct and educate the people. Management of HAITI LIBEREE has been assigned to a board of directors comprised of Messrs Wilhem Romeus, Ady Jean-Gardy and Christophe Charles. [Text] [Port-au-Prince LE PETIT SAMEDI SOIR in French 29 Mar-4 Apr 86 p 26] 11915

ELECTRICAL EMPLOYEES UNION FORMED--On Sunday, 23 March 1986, at 10:00 a.m., we the undersigned employees of Haiti Electricity Company (EDH), located at the corner of Joseph Janvier and Magasin de l'Etat Streets in Port-au-Prince, fully aware of our democratic rights and duties, decided to found, and in fact did found, a union entitled the "Union of Haiti Electricity Company Employees (SEEH)." The goals, organization and operation of this union are defined by the bylaws attached to the present Charter. The present Charter bears our signatures, as of the day, date, month and year listed above, in accordance and in compliance with law. The Steering Committee is comprised of a president: Lucles Adrien; vice president: Musset Montpeirousse; general secretary: Charles F. Thermophile; assistant general secretary: Camille Rouchon; treasurer: Merone Joseph; assistant treasurer: Stanley Alvarez; three advisers: Hubert Chery, Daniel Accede, Mathurin Senat; and four delegates: Duckens Raphael, Prophete Lionel, Marc Jean, Gracius Geffrard. [Text] [Port-au-Prince HAITI LIBEREE in French 5-6 Apr 86 p 3] 11915

HOUSEHOLD OIL WORKERS FORM UNION--We, the laborers and workers of the National Household Oils Company (ENAO), have decided to form a union to defend our interests. Its Steering Committee is comprised of a president: Delva Serge; vice president: Madere Lionel; general secretary: Laserre Jean Frantz; assistant general secretary: Louis James; treasurer: Jean Ludsen; members: Percy Florent, Jacques Aldy; and adviser: Gracius Yvon. [Text] [Port-au-Prince HAITI LIBEREE in French 24 Apr 86 p 4] 11915

CSO: 3219/3

NICARAGUA

RELATIONSHIP WITH USSR DESCRIBED

Managua EL NUEVO DIARIO in Spanish 23 Apr 86 p 2

[Article by Adolfo Miranda Saenz]

[Text] "Is it true that after 10 pm military vehicles patrol the streets of Managua carrying Russian soldiers who arrest any Nicaraguan caught out at that time?" This question is only one of the many like ones being asked outside of Nicaragua as a result of the propaganda campaign being waged against our Revolution.

Reagan has persisted in pointing to the "Soviet presence" in Nicaragua as a danger to the United States, using that argument as a pretext for his aggression.

We know that a people who value their dignity--as our people do--will not allow anyone to question their sovereign right to be on friendly terms and have good relations with any country on earth they may wish to, without having to account for them to any other country--such as the United States--no matter how powerful the latter country may be. To try to dictate what we should do is an unacceptable act of insolence.

For many years, Latin American countries like Mexico, Argentina and Peru, to mention only a few, have maintained good and fruitful relations with the USSR. Costa Rica has had diplomatic relations with the USSR dating back many years prior to the triumph of our Revolution.

What are the Soviets doing in our country? What is involved in our relations with the USSR?

The USSR supplies us goods on highly favorable credit terms and pays us cash, in foreign currency, for what it buys from us. In 1985, our trade with the USSR totaled \$300 million, or 20 times more than in 1981.

During 1985, the USSR supplied us with 2,000 vehicles (cars, tractors, excavators, cranes and machinery for public works projects). More than a third of our needs in petroleum and its by-products, sheet metals, aluminum, acids, chemical products, tires, asbestos... .

That year, the Russians also supplied us with, among other things, 6.5 million meters of textiles; 147,000 tons of carbamide; 8,000 tons of vegetable oil; 5,000 tons of animal fat; polyethylene; newsprint (used to print EL NUEVO DIARIO, BARRICADA, and even LA PRENSA).

Last year, the USSR also sent us valuable gifts consisting of 70,000 tons of wheat, rice and flour; 8,000 tons of sheet steel; 4 million cans of meat and sardines, and other products valued at \$30 million.

The first donations of rice and wheat for 1986 will be arriving this April.

The USSR buys our sugar, cotton, meat and bananas at a favorable price and pays cash for them in foreign currency.

An "INTERSPUTNIC" station, equipped with TV and telephone channeling facilities, is being erected on the banks of the Nejapa lagoon, to handle our international satellite communications.

The USSR is helping us greatly with geologists and modern machinery, at the El Limon and La India mines and at the INMINE level, in our research aimed at reactivating our gold production. A group of Soviet engineers and technicians is conducting extensive prospection studies in search of oil and natural gas in Nicaragua.

Soviet cooperation includes aid in hydroelectric projects, geothermal prospecting, construction of oil storage tanks, an irrigation project covering 36,000 hectares in Tipitapa, a textile factory with a capacity of more than 3,000 tons of yarn per year, and other fields as well.

Hundreds of Nicaraguan youths are studying in the Soviet Union, under scholarship grants, for various careers. In our universities and technical centers, Soviet professors are working free of charge. Soviet medical doctors are in attendance in several of our country's hospitals, and the Soviet hospital at Chinandega recently treated its 300,000th patient.

There are many other fields in which Nicaragua receives Soviet aid, but the length of this article does not allow me to list them all.

There are no Soviet troops in Managua's streets, nor in any other part of Nicaragua. The Soviet presence in our country is only one of brotherly aid and cooperation, based on absolute mutual respect--respect for our sovereignty and freedom, of which we Nicaraguans are very proud. What is more, this signifies no danger whatever either for the security of the United States or that of any other country.

Reagan will not be lacking in excuses to attack us; but I see no reason why we Nicaraguans should feel anything but brotherly friendship towards the Soviets.

USSR-Nicaraguan relations are clearly beneficial to us, and, in accordance with signed agreements, we will be developing our relations with the USSR, as well as with the other socialist states, on a very much more extensive scale. We only stand to gain from this. Why not do it?

9399

CSO: 3248/426

NICARAGUA

OIL, BY-PRODUCTS IMPORTS EXPECTED TO INCREASE

Managua EL NUEVO DIARIO in Spanish 23 Apr 86 p 6

[Article by Ricardo Pino Robles]

[Text] Managua, (ANN)--Nicaragua will increase its imports of oil and oil by-products to an estimated volume of over 5,450,800 barrels, up 13 percent.

These figures were compiled from data made available to ANN by the PETRONIC company, a subsidiary of the INR [Nicaraguan Energy Institute].

The data indicate that purchases of crude will amount to 4,420,000 barrels, up 24.8 percent over 1985 imports.

On the other hand, acquisition of oil by-products will at best be a little more than 241,000 barrels, down approximately 20 percent.

The by-products that Nicaragua must buy abroad--owing to the fact that these products are not being processed by the National Refinery--include aviation gas (known technically as Avgas), diesel fuel, automotive gasoline and asphalt.

Over the past several years PETRONIC's [import] billings have averaged about 40 percent of the country's entire export billings. In 1985, however, billings totaling 158.7 million [currency not specified] represented the equivalent of 52 percent of Nicaragua's sales on the world market.

However, as explained to ANN by Otto Shaffer, manager of PETRONIC, owing to falling oil prices during the past several months, 1986 Nicaraguan oil import billings are expected to "decrease substantially."

Unlike previous years, when Nicaragua experienced serious problems trying to obtain sufficient quantities of crude and by-products, supplies for 1986 are guaranteed, since practically all its oil needs will be met by the Soviet Union, a country that has maintained relations with the Nicaraguan people since 1979.

Surplus Production Expected

The official explained that owing to the characteristics of the Soviet crude--which is very similar to the Mexican "Isthmus" type, both being catalogued as very light--Nicaragua's only refinery has been able to process butane and propane gases.

This means that Nicaragua, traditionally an importer of gas, will totally eliminate its purchases of this product and will, on the contrary, generate surpluses that it will sell abroad.

However, Soviet oil cannot produce asphalt, and the Government will be buying some 15,000 tons of this product from Cuba to satisfy its needs. Owing to the shortage of asphalt in 1985, virtually the country's entire road network has deteriorated.

The only oil refinery that exists in this Central American country was installed during the mid-1960's and belongs to the Esso transnational company. Its installations were designed specifically to refine a "reconstituted" Venezuelan product--a product, that is, which was not 100-percent crude oil.

'Tijuana' Reconstituted Oil

Thus, reconstituted Venezuelan oil--called "Tijuana"--is, in the words of Otto Shaffer, "extremely light," which suited it for the processing and production of practically all the by-products Nicaragua consumed.

The manager of PETRONIC stated that "Based on the components of the reconstituted oil, the productive structure could be matched to the country's demand structure."

When Venezuela stopped supplying Nicaragua with crude, the latter was compelled to import oil from other markets; however, the characteristics of these products differ from those of "Tijuana"; that is, they are heavier.

PETRONIC's engineers explain that processing a heavier oil deteriorates the refinery's installations, which, moreover, cannot produce by-products such as asphalt without cutting back on the production of others such as diesel fuel and gasoline.

This is the situation Nicaragua faced in 1983, a year in which its imports of "black-gold" by-products rose almost threefold over the previous year. Since that time, and until 1986, imports of by-products have totaled some 1,000,000 barrels, whereas as of 1982 they had totaled less than 500,000.

Figures released by PETRONIC indicate that diesel fuel leads the list of by-products Nicaragua consumes, followed by automotive gas, aviation gas, fuel oil, and butane and propane, in that order.

Between 1979 and 1985, PETRONIC procured these products from the Central American area, Mexico, Venezuela, the Soviet Union, Panama and Denmark. In 1986, all crude and by-products will come from the socialist-economy countries, except for 64,200 barrels of aviation gas which Panama will sell to the Nicaraguans.

By December of this year, not less than 17 oil tankers will have unloaded in Nicaraguan ports.

9238

CSO: 3248/424

NICARAGUA

PCD BLAMES GOVERNMENT FOR SHORTAGES

Managua EL NUEVO DIARIO in Spanish 17 Apr 86 p 8

[Statement by PCD; first three paragraphs are EL NUEVO DIARIO introduction]

[Text] The PCD [Democratic Conservative Party] acknowledges that the war of aggression being waged by "one of the imperialist countries" against the Sandinista Government is an important factor in the cause of the present consumer goods shortages.

But the Green Party, energetically and radically, also blames the Revolutionary Government's economic policy for the present shortage of supplies and the sharp decline in the production of goods.

In the following statement, the PCD expresses its views on the country's economic situation and harshly denounces inefficiency and bureaucratism.

Statement

The consumer goods production shortfall that is affecting the country is the result of various converging factors, including the war of aggression being waged by one of the imperialist countries against the Sandinista Government, considering that 50 percent or more of the national budget is being spent on defense, while a large part of human and many other categories of resources are being diverted to our national defense, when they could otherwise be engaged in production.

Another factor is production itself, which is abortive, owing to an illogical and uncoordinated course being followed between the need of an extensive agrarian reform and the sidelining of farmers whose productive expertise cannot be replaced by the new human resources being assigned to the task. The agrarian reform, necessary though it is, has been demagogic and anarchist, partly because of the imperialist aggression against the Sandinista Government, and has resulted in a drop in export products and the supply of basic grains.

We cannot continue faulting the rats year after year for the decline in rice production, which was always sufficient for our needs. We cannot continue

faulting the war for the decline in coffee production, nor can we blame a lack of machinery for the inefficiency of production in general, since we have more than enough machinery.

We believe that the cause of the inflationary pressure on the supply of essential goods is their very shortage, the supply being inadequate to meet the demand. Furthermore, we believe that the incompetence, the lack of responsibility, and the oppressive bureaucratic elephantiasis of the various governmental agencies, all impede the control of speculation, of exploitation in the marketplace and services, of "extra-perlismo" [not further clarified] and of the black market.

A human being cannot live on 3 lbs of rice, half a quart of oil and similar or equal limitations on beans, corn and sugar [ration period not given]; and, as irony would have it, salt is in ample supply.

We understand that certain measures are necessary for the defense of the country, but when we think of our production agencies as being untouchable, subject neither to investigation nor criticism, though their balance sheets, if and when presented, are dripping with red ink, then we believe it is time for the Sandinista Government, through self-criticism, to change the situation.

The counterrevolution begins in the kitchen. Revolution does not mean shortages.

God, Order, Justice

National Executive Headquarters of the
Democratic Conservative Party

9238

CSO: 3248/424

NICARAGUA

POLITICAL PRISONERS 'REDISCOVER' RELIGION

Managua EL NUEVO DIARIO in Spanish 8 Apr 86 p 6

[Article by Desiree Pallais]

[Text] Managua, (ANN)--The rediscovery of religion, an experience common to many Nicaraguan prison inmates, is one of the results of the new concept of imprisonment instituted with the triumph of the Sandinista Revolution, the fundamental objective of which is to "rescue human beings from the humiliation they suffered under Somozista enslavement."

This new concept is being applied not only in the "minimum-security" prisons--11 in Nicaragua--characterized by a low level of surveillance over the prisoners, most of whom participate voluntarily in productive jobs and who, moreover, are allowed to visit their families on weekends, but also in the "maximum-security" prisons--two in Managua--where the gravity of the sentences involved precludes such relaxing of surveillance over the prisoners.

ANN visited the Jorge Navarro (Tipitapa) and Zona Franca penitentiaries, both maximum-security installations holding former Somozista Guards and common criminals, respectively, as well as the minimum-security "farms" at El Zapotal, Los Robles, and 23 y Medio, in which work as a form of personal edification takes priority.

In these five prisons, all located north of the capital, the new reeducation policy seems to be leading some inmates back to religion.

"It might seem unusual, but the spiritual flame was ignited in me by the authorities themselves. I realized that they were not my enemies but rather were working with me, from the Christian viewpoint, to draw me nearer to something spiritual," said Ricardo Gomez Centeno, a Baptist, and now an inmate of the Los Robles "farm."

Gomez, a former lawyer, who confessed to having taken part in trials that "compromised my personal integrity" during the Somoza regime, is now a volunteer worker in the growing of staple grains and vegetables on this farm. He expressed the hope that he will be released before completing his sentence, trusting in the "generosity of the Revolution, backed by my own behavior."

Other prisoners have increased their religious fervor under the influence of preachers in these prisons; this, according to the authorities, is a common phenomenon. "If it were not for the Revolution I would not be an Evangelist," said Pablo Jose Lopez Herrera, who, in his own words, "experienced the light of the truth found in the Holy Scriptures" while in a Granada jail after the triumph of the Revolution.

Backing of the Authorities

Lopez, a former Somozista Guard, works now as a tailor on the El Zapotal cattle farm. He belongs to the Evangelist faith, conducts daily prayer services in which he reads from the Bible, particularly Psalms, among which he prefers Psalm 23, "the universal Psalm that everyone knows," he said.

In the minimum-security farms, as well as in the maximum-security jails, participation in gospel meetings and religious activities of other kinds "enjoys the support of the authorities at any time we wish to conduct them," said Julio Ernesto Guzman, an inmate of Los Robles and a Catholic "by tradition." The different denominations, from Jehovah Witnesses to Baptists, are organized in groups of 10 to 20 to be "born again in God's Word."

Horacio Pallavicini, head of prisoner education at the Zona Franca penitentiary, said that "Although we do not take a leading part in the activities, we support them"; and the deputy commandant of Tipitapa, Marcos Arevalo, asserted that in some cases, "the most religious prisoners are the most disciplined."

In the maximum-security jails such as Tipitapa and Zona Franca, where the prisoners have not yet completed their integration into volunteer work, as well as in the centers where the prison terms are relatively short (from 15 days to 2 years in Zona Franca), the practice of religious worship and activities is constant and organized. In all the prisons, the penal education officials support these activities.

"We were allowed complete freedom, as if we were free citizens," acknowledged Ana Julia Mayorga Garcia, former collaborator of the counterrevolution and inmate of Tipitapa, who, as a Catholic, engages in a "more individualized activity" that consists of saying the rosary every day.

In this prison, where the term being served by former Somozista Guards could be as much as 23 years, the gospel groups hold prayer meetings every other day and the "complete service"--consisting of a choir, a Bible reading, and a sermon--also every other day. In addition, a "Sunday school"--a more extended service that lasts from 6:30 pm to 10:30 pm--is held every Sunday.

At Zona Franca, 10 out of 50 inmates are active evangelists. These prisoners, besides organizing services and discussion groups, regularly request the presence of the clergy of their respective denominations. Pallavicini said that recently a baptism was authorized that required the transporting of the faithful to a nearby river.

Celebration of the 'Purissima'

A few months ago, a Protestant from the United States visited the Zona Franca prison. On that occasion, a Sunday school service was held, attended by 250 inmates and accompanied by a band. Fidel Martin Ruiz Bonilla, a former Somocista Guard and now the pastor of 29 cells of the Zona Franca prison, emphasized that "never were we denied permission to participate in religious activities."

The inmates also expressed different viewpoints in regard to the role of Christians in the new Nicaraguan society and the religious activities of the population. Some expressed their views in particularly devout language. Referring to the "Way of the Cross for Peace and Life," which started in the northern city of Jalapa, at the Honduran border, and ended in Managua last 28 February, and which likened the "Passion, Death and Resurrection of Christ" to that of the besieged Nicaraguan people, a member of the "United Pentecostal Church," Juan Jose Hernandez, said: "When words are heartfelt and sincere, the Holy Spirit flows from them."

Speaking about the meaningfulness of the Way of the Cross, Ana Julia Mayorga Garcia, a Catholic, said that "God's calling is felt and he must be given his due"; at the same time, she acknowledged the need on the part of Nicaraguan Christians to practice the faith in a new way.

For Catholics like Ana Julia and Julio Ernesto, the most meaningful religious activity is the celebration of the "Purissima," the traditional feast of adoration of the Virgin Mary, celebrated the beginning of December. Ana Julia emphasized that for this feast "the complete support of the officials of the Penal Education Department" is received. They supply the sweets and delicacies and other things usually distributed on this occasion.

During the last Purissima at El Zapotal, there were 279 attendees, between relatives and inmates, while in Tipitapa, the "Los Tichana" musical group, from the island of Ometepe, livened up the festivities. Ana Julia said that in Tipitapa, the staff built the altar on which the statue of the Virgin Mary was placed.

Lack of Pastoral Attention

Nevertheless, it is generally "by tradition" or "in a personalized manner" that the Catholic inmates practice their religious activities, since, contrary to the Evangelists, they do not receive regular spiritual attention from their clergy.

In December of last year--said Captain Franco Montealegre, assistant to the head of the National Prison System--the Sandinista authorities asked six Catholic priests from several churches located in the capital for a commitment to visit the jails periodically. As of now, almost 4 months later, visits to the inmates by the Catholic clergy have yet to become a steady thing.

This lack of attention was pointed out by the eminent journalist and historian Gregorio Selser during an interview in January of this year with Tomas Borge, Nicaraguan minister of interior. On this occasion, Borge said regretfully: "The Revolution would indeed have liked to have the Church help in this mission of transforming these men."

Meanwhile, the prison policy of the Revolution has recently been received with approval in Catholic circles. During a radio interview at Santa Rosa de Lima, Brazilian Bishop Antonio Fragosa said: "I do not know if Borge is Christian or not, but I admire him very much, because when he confronted his erstwhile torturer he told him that he would not give him the same treatment in return, but would instead leave judgment to the courts. This was a Catholic act."

9175

3240/426

14 July 1986

NICARAGUA

PROBLEMS WITH CONSUMER REGISTRY DESCRIBED

Managua EL NUEVO DIARIO in Spanish 10 Apr 86 p 8

(Text) Some shortcomings in the taking of the census for the Consumer Registry, leaving several families without cards, have caused concern to the minister of domestic trade, Commandante Ramon Cabrales, who last night urgently summoned all the officials of the 3d Region's Consumer Registry Office to a meeting.

The high Government official also called a press conference for 2 pm today, the main topic of which will be the problems of cards and the supplying of provisions.

EL NUEVO DIARIO reporters yesterday made the rounds of some quarters of Managua and found a number of failings.

The many problems being encountered at present in the supplying of provisions through the new consumer card are owing mainly to failings in the taking of the census for the Registry and to the lack of coordination, still evident today, among officials of the Consumer Registry Offices and the CDS's, in the resolving of problem cases.

This was borne out during the rounds made by the END reporters throughout different zones of the 3d Region, where it was found that some "brigadistas" had shown little concern for diligence in the gathering of census information. Thus, many streets in different districts were not covered by the census takers, leaving many families unable to obtain their basic provisions in those localities, because they are not in possession of their cards.

Failures

Our visit to the Consumer Registry Office in Mateare revealed that 20 families were not counted by the census takers in this population center.

Similarly, the 43 families that draw their provisions in the Rural Supply Center, most of whom work in the Chiltepe Dairy complex, still do not have their consumer supply cards, which should have been issued to them by the Coordinating Committees of the CDS's.

Miguel Guerrero Medrano, head of the Mateare ORC (Consumer Registry Office), informed us that the cards were delivered to the District Committees as far back as 20 March of this year, to be issued as soon as possible to the consumers.

"As of today," he said, "98 percent of these cards have been issued, but there is the problem of the families that do not have this document."

Guerrero Medrano explained that, since Mateare is not the sole population center affected by the card problem. The districts of Las Latas, Las Yucas, Las Flores, Planes de Cuajachillo, La Chiltepe, Santa Rita and others also being affected, he had wanted to travel to these districts to talk with the CDS Coordinating Committees, but had been unable to, because he does not have a vehicle.

In this respect he has lacked support from the head of the MICOIN Zonal office, who together with him should be meeting with the CDS's, to decide what steps to take to resolve the Consumer Registry card problem.

Meanwhile, in Ciudad Sandino Zonal 1-13, approximately 85 percent of the cards have been issued since 24 March.

The Disorganized Entities

Since several streets in the central part of the city were not covered by the census takers, owing to the fact that the CSS's are not yet organized in some sectors, the interested citizens are gradually coming in to pick up their consumer cards.

Bello Amanecer is also experiencing provisionment problems owing to the faulty taking of the census.

On this point, Oscar Estrada Gomez, one of the officials of the ORC said that the problem of issuing cards to those who were not listed by the census takers, will be addressed by them together with officials of the CDS's and the MICOIN Zonal authority at a meeting to be held next Saturday.

To date, the figure being quoted as to the number of consumers in Ciudad Sandino is 50,008; but this number will increase when the families that were not counted are added in.

As for the supplying of provisions to household employees, nothing has been done in Zonal 1-13, because most of the residents are working on on the Asososca Satellite project and since many homeowners were away on vacation, abroad as well, visits to them are only now about to commence.

As regards ORC's 304, 305 and 306 of MICOIN Zonal 3, which includes districts like Monsenor Lezcano, the Las Brisas and the Linda Vista Norte y Sur sections, Cuba district and Acahualinca, a serious problem exists there as well, owing to failures in the taking of the census.

The families there number 16,000 in all, but the Consumer Registry officials stated that, although there are problems, "it is not at all certain that 11 families have not been counted."

"We are attending to those that do not have cards," he emphasized, "and we are working with the MICOIN Zonal as much as possible to resolve these cases."

9238

CSO: 3248/424

PERU

SABERBEIN FORESEES ECONOMIC UPTURN

Lima EL NACIONAL in Spanish 23 May 86 p 11

[Text] Vice Minister of Economy Gustavo Saberbein announced yesterday that the possibility of an increase in production is within sight, and that the economy is developing at a higher rate, about 4 percent, on the basis of an improved purchasing capacity.

He said that there are three basic indicators reflecting the favorable situation for economic recovery existing in the country. They are the facts that the enterprises are producing more, the banks are receiving back payments, and the stock market has shown a good recovery.

Where inflation is concerned, the vice minister said that favorable results have been achieved. "In May, prices continued to rise at a slower rate than in preceding months, and as a result purchasing capacity is declining more slowly. Inflation has been reduced to less than a third," he said, commenting that the government, businessmen and consumers contributed to this result.

He went on to state that the government has been analyzing the existing resources in connection with the wage increase announced for next June. He reiterated that this government has kept wages above inflation, which means that purchasing power is gradually being regained.

In conclusion, he explained that the workers in the public sector will have an increase enabling them to recover some of the great losses they have suffered in the past, and he noted that these increases in assets will not be temporary illusions which will later, because of inflation, be lost.

5157

CSO:3348/616

PERU

TRADE VICE MINISTER ON OPENING NEW MARKETS

Lima EL NACIONAL in Spanish 7 May 86 p 10

[Interview with Dr Pedro Menendez Richter, vice minister of commerce; date and place not given]

[Text] At present, the Peruvian foreign debt, which comes to about \$14 billion, must be used as the vehicle for opening up new markets and winning new customers for our products. "In other words, what is currently an evil can be made an asset for the country," the vice minister of commerce, Dr Pedro Menendez Richter, told EL NACIONAL.

In an interview granted to this daily newspaper, Dr Menendez Richter described some of the mechanisms and programs being developed by his sector, which is regarded as of key importance to the payment of the foreign debt of the country, since its jurisdiction covers both domestic and foreign trade.

In this connection, he spoke of the current policy for regulating imports, which differs from the more open approach pursued since 1980, and on the other hand, the expansion of Peruvian exports to counteract the protectionist measures adopted by the industrialized countries, and the development of new markets, among other subjects. The following is what he had to say.

[Question] Dr Menendez Richter, your sector is regarded as of key importance in terms of payment of the foreign debt. In this connection, what policy is the vice minister of commerce pursuing to increase Peruvian exports?

[Answer] The basic policy we are pursuing in the trade sector is the opening up of foreign markets through the signing of bilateral agreements, since at the present time, a large part of world trade--about 40 percent--is subject to agreements or negotiations.

This work is very important because from 1980 to this year, Peru has pursued a more open policy, while many foreign markets adopted protectionist measures. Now we are changing the picture, because previously nothing was done to increase our exports or develop new markets abroad.

[Question] Are you speaking of a clamp on imports?

[Answer] We are not speaking of elimination, but rather the regulation of imports. We have adopted a more nationalist attitude, both for the purchase

of products and where the opening of other markets is concerned. The idea is to facilitate our exports. By regulating imports, we are protecting domestic productivity and regulating the volume of foreign exchange which will be spent on foreign purchases, in order to protect the level of our international reserves.

This policy of limiting imports has made possible the reactivation of the economy we are experiencing now, along with the related increase in domestic demand.

[Question] With what countries have negotiations for placing our national products been launched?

[Answer] Where the more open foreign market approach is concerned, we are working within the Andean Group. Four years ago we had a surplus of about \$300 million, which was reduced to \$100 million by last year. The Andean market is very important to us, and therefore we are working to reestablish the previous trade levels.

Apart from that, we are negotiating with the European Economic Community in order to obtain more favorable treatment for Peruvian textile exports.

Similarly, with the assistance of international experts who will come to advise us, we are preparing to negotiate with the United States, taking advantage of the general preference system, which will allow us to sell on North American markets without paying a whole series of customs duties and will safeguard us against the protectionism of the United States government.

[Question] Specifically with regard to the payment of the foreign debt, what steps is your sector taking?

[Answer] We are working with the Ministry of Economy and Finance on programs for marketing Peruvian exports in the medium and long range, making payment on the foreign debt in products, not only with the Soviet Union and the socialist countries, but also with the Western world, which offers a very substantial economic export potential.

Our debt comes to about \$14 billion, and must be used as a vehicle for opening up markets and winning customers. In other words, what is currently an evil can serve as an asset for the country.

[Question] What countries in the Western world are interested?

[Answer] Great Britain, Germany and the United States, to give you some examples. Recently representatives of 10 banks interested in making arrangements for the payment of the debt in kind have visited us. Another foreign trade policy we are promoting is clearing arrangements, a kind of exchange.

The products which are being exported within this exchange system are those for which there are problems of access to markets or those which would involve

very high marketing costs. Examples include electrical wire, wood products such as furniture and plywood, and canned fish, among other things.

Through this type of negotiation we have been able to sell traditional products for which there seemed to be no market, such as iron. This has had a special effect on Hierro Peru, which after many years of losses is making a profit because markets were opened up through international agreements between Peru and other countries, such as, for example, South Korea and the socialist countries.

[Question] What totals have been reached through this system of compensated trade?

[Answer] We have signed agreements with Romania involving a total of \$350 million for the next 5 years. Representatives have come to Lima from India to offer us wheat in exchange for our products. In addition, a whole series of public bodies are interested in utilizing this trade system.

[Question] What factors are affecting the export capacity?

[Answer] On the one hand, the low prices for our domestic export products, except for coffee; the drop in the price of oil on the world market, which has meant a difference of about \$250 million for us; and also the increase of about 35 percent in the domestic consumption of foodstuffs since this government took office.

The weather has also worked against us, because it has reduced farm production, and this will mean that we need a certain level of food imports, totaling \$380 million, this year. However, this is not the highest total in Peruvian history, because in the past it has been as high as \$500 million.

[Question] And what about domestic trade, Dr Menendez?

[Answer] We have the Consumer Defense Office, with 60 inspectors who are involved not only in price control but also the detection of violations being committed by pharmacies and other trade establishments.

In the domestic trade sector, reports are also drafted on the supply situation for the main goods consumed by the ministries, and thus a basic aspect of the anti-inflationary struggle.

[Question] How much do the fines imposed by the Consumer Defense Office total?

[Answer] Since the beginning of last year and up through the middle of April, 2,000 establishments in Lima have been required to pay fines totaling 4,600,000 intis. On the national level, the fines imposed total 9 million intis.

5157

CSO:3348/616

PERU

INCREASED AGRICULTURAL PROJECTS IN JUNGLE AREAS

Lima EL NACIONAL in Spanish 16 Apr 86 p 2

[Text] "This year imports of farm products will be reduced by \$20 million from the expected total of \$342 million for 1986, thanks to the launching of a series of products designed to broaden the farm front in the Peruvian jungle, which will increase the production of rice, corn and other grain products," Minister of Agriculture Remigio Morales Bermudez announced yesterday.

He said that to this end, rice is being raised in the jungle zones of Loreto and Ucayali, and similarly, an area of 21 hectares has been planted to corn in the department of Lambayeque.

The minister of agriculture made these statements just moments before the beginning of the formal ceremony during which 100 motor tractors for farm work were presented by the People's Republic of China to the La Molina Experimental Farm Station.

President of the Republic Alan Garcia Perez attended the ceremony, and he was greeted on his arrival at the experimental center at 1:30 pm by applause from the workers and students invited to attend.

Ambassador of the People's Republic of China Yang Mai and the head of the National Planning Institute (INP), Javier Tantalean Arbulu, also participated in the ceremony.

In his official speech, the minister of agriculture said that this ceremony and the presence of the president of the republic would serve to launch the real agrarian reform in Peru, and that this occasion provided evidence of the deep interest of the government in promoting the development of agriculture, which has been neglected since the beginning of the Spanish colonial era.

Later, in a brief exchange with newsmen, Morales Bermudez spoke about the potato shortage. He said that he met with the main producers of this vegetable crop last Monday in order to coordinate planning efforts for the 6,000 new hectares on which this crop is to be planted.

He said that with the implementation of all of these projects, support will be provided for farm production so as to reduce imports while at the same time

satisfying popular demand, thus making it clear that this government "is indeed working for the welfare of the majority."

The minister of agriculture explained that the shortage is due to a number of factors, mainly inadequate management of the administrative and productive aspects in the agrarian cooperative sectors by past governments.

"The lack of a proper crop substitution policy and, what is more serious, the excessive political influence on the top administrative levels at the farm cooperatives, which led to the launching of a series of strikes by the workers to boycott the action of the Aprista government, contributed to this situation," he said.

With regard to the donation of 100 motor tractors by the Chinese government, he said that this was the result of a promise made by the secretary general of the Communist Party in that country, Hu Yau Beng, to Alan Garcia when he was the Aprista party candidate, during his visit to that country in July of 1984.

He said that the machinery donated is especially intended for work on small farm plots, but that it can however be adapted for larger areas of land. The tractors, called motor cultivators, were turned over to the head of the INIPA, Dr Benjamin Quijandria, who will be responsible for their distribution on the national level.

The motor cultivators will be sent to 20 Farm Research and Development Centers (CIPAS) which the INIPA has established on our national territory.

Four of these units have been allocated to the CIPA in Tumbes, three to Chiclayo, five to Trujillo, four to Huaraz, six to Lima, four to Ica, six to Arequipa, five to Tacna, five to Cajamarca, seven to Moyobamba, seven to Huanuco, five to Huancayo, six to Ayacucho, eight to Cusco, six to Puno, and three to Iquitos, among other towns.

It was also announced that an agreement involving \$506 million will be signed with the Italian government with view to the reactivation of the SENAPA.

5157

CSO:3348/616

VENEZUELA

FENATESV ANNOUNCES TIME TABLE OF STRIKE

Work Stoppage Planned

Caracas EL DIARIO DE CARACAS in Spanish 12 May 86 p 11

[Article: "Government Has Nine Days to Respond to Workers; UCV: Employees Go on Strike Today"; first paragraph is EL DIARIO DE CARACAS introduction]

[Text] If an agreement with the government is not reached by the 21st of this month, the National Federation of Higher Education Workers of Venezuela (FENATESV) will call and begin a nationwide strike of indefinite duration by the 24 locals of the federation. A strike could break out in the Central University of Venezuela (UCV) on the 19th of this month if an agreement is not reached with the authorities.

About 5,000 UCV workers will go on strike today, just as FENATESV had resolved to do, to confirm to the government through the High-Level Commission its petition which contemplates a wage hike of 800 bolivars for all university employees, the payment of debts incurred in 1984 and 1985 and a decision on the payment of benefits.

The strike to be carried out today in the country's biggest educational institution is part of a series FENATESV decided on in the form of a timetable. It fell to Lisandro Alvarado Midwestern University in Barquisimeto to initiate the strike last 7 May. The University of Zulia is the one that will culminate this action next 20 May.

If an agreement with the government is not reached by the 21st of this month, FENATESV will convoke a national assembly on that day in the main hall of the UCV for the purpose of calling and launching a nationwide strike of that federation's 24 locals of indefinite duration.

As for her, Rebeca Hackett, a member of the board of directors of the Association of Central University Employees, said that that institution also has an internal problem between the university authorities and its employees since they have not complied with the terms of the labor agreement, among which are to be found a wage increase of 340 bolivars and the honoring of subsidies for home and children.

It is important to note that this situation could also culminate in a strike of indefinite duration in the UCV independently of the nationwide strike of university employees that has been called.

14 July 1986

According to Rebeca Hackett, the nationwide strike and the strikes that may take place at the UCV, Carabobo University and the University of the Andes are not contradictory because each institution's problems of compliance with its labor agreements is one thing and the wage hike for all employees for which FENATESV is fighting is another.

The strike in the UCV is planned for next Monday, 19 May, in the event the authorities refuse to comply with the agreement.

According to the administrative vice rector of the UCV, to pay the employees several items would have to be changed, and that can only be done if the CNU [National Council of Universities] authorizes it.

UCV Rector Comments

Caracas EL NACIONAL in Spanish 20 May 86 p C-2

[Article by Txomin Las Peras: "Chirinos and the University Employees Strike: It Is Surprising That There Has Been No Response from the Government"]

[Text] Twenty-four hours from the announced strike of indefinite duration by university employees throughout the country, there is not a glimmer of any kind of solution in sight and the rector of the Central University of Venezuela (UCV), Edmundo Chirinos, said that it is surprising that there has been no response at all, "either positive or negative," from the government.

"The same thing is happening that happened in the last dispute with the professors, when the chief executive alone intervened as the strike evolved."

All the factions that are in one way or another involved in the strike announced for tomorrow by the university employees in their demands for a wage hike of 800 bolivars, payment of the money owed them for 1984 and 1985 and payment of their benefits continued to meet yesterday, either to prepare and put the final touches to the strike action or in search of solutions.

So, the executive committee of the National Federation of Higher Education Workers of Venezuela (FENATESV) -- the organization that called the strike -- met yesterday morning and the general council of that same body, composed of two representatives from each affiliated employee association plus the board of directors, did so in the afternoon.

As for the National Council of Universities (CNU) High-Level Commission, it met at 1400 hours in the main office of the University Sector Planning Office (OPSU) and the rectors of all the universities did so later on the premises of Eastern University in Altamira.

The CNU High-Level Commission is composed of the rectors of the autonomous universities, the professor, employee and student unions and the director of the OPSU.

Rector Chirinos informed us that meetings are being planned with the congressional Committees of Finance, Education and Culture "since, independently of

the president's position, we know that the actions of congressmen are fundamental; this is the way it is with the professors."

Pending Bill

He added that, in any case, the ultimate solution to the problem of the unions' demands, "which are getting to be chronic and repetitive due to the budget deficits, is for Congress to once and for all study the higher education funding bill, which could be in effect by 1987 and which would give the government a chance to pay off debts existing up to 1986."

Chirinos pointed out that the universities will be facing a tough situation with the proposed strike, one that will end up affecting thousands of students who will ultimately be hurt the most by it.

Chirinos reminded us that just a few days ago the CNU High-Level Commission delivered to Education Minister Luis Manuel Carbonell a document with three requests that would settle the dispute. These are implementation of the Finance Ministry Benefit Fund as soon as possible, the 800-bolivar wage hike and the possibility of applying the confirmation rules for the professors.

The UTE

The UCV rector also added that the rectors would meet to study the case of the different universities that have arisen with the authorization of the CNU since "they cannot benefit from the titles of institutions and, insofar as I know, the Third Age University (UTE) did not go through that organization."

Doesn't the CNU have the legal authority to report this situation?

Of course it does. At the next CNU meeting this irregular situation, as well as the case of other institutions, will be discussed.

So the UTE is illegal?

I think so.

11,466

CSO: 3348/610

VENEZUELA

20,000 UNIVERSITY WORKERS BEGIN NATIONWIDE STRIKE

Caracas EL UNIVERSAL in Spanish 22 May 86 p 1-21

[Article by Rafael S. Borges; first paragraph is EL UNIVERSAL introduction]

[Text] The Federation of Venezuelan University Professors (FAPUV) has made common cause with the striking workers.

Some 20,000 of the country's university workers began a nationwide strike of indefinite duration yesterday. They are demanding payment of raises obtained through labor agreements over a period of several years now and of benefits to pensioners and retirees.

The indefinite nationwide strike was called 2 months ago by the National Federation of Higher Education Workers of Venezuela (FENATESV) in view of the impossibility of obtaining a response to the efforts and actions undertaken to obtain payment of the money owed them.

As had been announced, FENATESV called a hugely attended general meeting of workers in the main lecture hall of the Central University of Venezuela (UCV) with massive delegations from the rest of the country's universities.

There, accompanied by the chairmen of the 24 locals of that organization, the chairman of FENATESV, Pedro Requena, read aloud the "Declaration of an Indefinite Nationwide Strike" and reported in detail everything that had been done at all levels to reach an understanding between the representatives of the labor unions and the High-Level Commission along with the minister of education, Dr Luis Manuel Carbonell.

When the reading of the above-mentioned strike declaration was concluded, the FENATESV leaders went to the rectorate to deliver the document to Rector Edmundo Chirinos, who was chairing a regular meeting of the university board.

There, the leaders of that organization (which is composed of all the office employee, technician and service associations of the country's national and experimental universities and also some university and teaching institutes and colleges) explained to the UCV authorities that, "after assessing the current situation we are facing, with the expiration of the time agreed on with government agencies to exhaust the conciliatory phase in our demands for

raises and payment of benefits and debts contracted with these labor unions in 1984 and 1985, with the country's universities, we have decided to call an indefinite nationwide strike of university workers as of today (yesterday)."

Rector Edmundo Chirinos, who is, moreover, a member of the High-Level Commission appointed by the National Council of Universities, said that he deplored the interruption of activities because they would in a short time also have to suspend teaching and research activities, but he explained that he considered the workers' demands to be very just and endorsed the proposal that the UCV University Council had made in connection with this last 2 May.

Rector Chirinos also received a document from retired UCV workers delivered to him by Mr Maximiano Guerra in which they requested of him payment of their benefits.

Professors Back Striking Employees

The board of directors of the Association of UCV Professors made public a communique yesterday in which they let it be known that the higher council of said association had agreed on the following with regard to the university workers' strike of indefinite duration:

To support the just demands of the employees of the universities and institutions of higher learning affiliated with FENATESV and in connection with this, taking into consideration the situation created by the university employees strike, the board of directors of the Association of UCV Professors at its regular meeting this 20 May will urge UCV professors:

- 1) Not to engage in any kind of activity that differs from those they ordinarily perform in the discharge of their university duties.
- 2) To report to the board of directors of the Association of UCV Professors through members of the faculty departments as soon as minimal working conditions do not exist.

The higher council, on the other hand, expanded by the Association of UCV Professors, has resolved to demand that FAPUV implement actions as quickly as possible for the purpose of obtaining payments pending as a result of their being confirmed, benefits, pension funds and the application of Article 13 of the Confirmation Rules effective as of 1 January 1984.

Federation of University Professors

Yesterday FAPUV chairman Omar Rodriguez Madrid told reporters that that union had always let it be known that the aspirations and the rights that serve university, technical and service employees are just and that in terms of them FAPUV assumes joint responsibility for those measures FENATESV is at present promoting at the national level to realize the demands of thousands of workers. This situation will be submitted to the board of directors of FAPUV to decide whether this solidarity is to continue to be a moral stance or whether they move on to actions of a material nature, concerning which FAPUV already has positive experience.

He later on alluded to the Confirmation rules, to the provision of Article 15 of these rules, which were not created by either MPTV or the universities, since — he said — they were created by the National Council of Universities and expired 2 years ago, in connection with which the National Council of Universities has made no declaration.

In response to a question by the reporters, Prof Rodriguez Madrid pointed out that 918 professors will be pensioned off at Eastern University by the year 2000, which means an expenditure of between 180 and 200 million bolivars that will have to be disbursed in the usual way through the payroll every year. "If the situation remains unchanged," Prof Rodriguez Madrid said, "the truth is that I don't dare say what will happen to higher education in this country since I don't want to be a prophet of disaster."

11,466

CSC: 3348/610

VENEZUELA

UNIVERSITY WORKERS, STUDENTS, PROFESSORS ORGANIZE MARCH

Caracas EL NACIONAL in Spanish 27 May 86 p C-2

[Article by Txomin las Heras; first paragraph is EL NACIONAL introduction]

[Text] They are going to deliver a document demanding that workers' demands be satisfied and a better budget for the universities. The congressional Education and Culture Committee will mediate in the dispute.

Along with professors and students, university workers yesterday put the finishing touches to the university march to be held tomorrow from the Central University of Venezuela (UCV) to the National Congress where they will deliver a document containing the demands posed by higher education workers.

To do this, representatives of the Administrative Employees Association of the National Open University, Simon Bolivar University, the University of Zulia and of the UCV as well as leaders of the professional associations of the professors of the latter institution of learning and the UNA [not further identified] met yesterday at the headquarters of the Association of UCV Professors (APUCV). The students were represented by the student clubs of the Departments of Sociology and Medicine and the workers by the leaders of their unions.

The slogans of the march, which is to start at 1000 hours tomorrow from the Plaza del Rectorado of the UCV, will be chiefly focused on the general wage hike of 800 bolivars petitioned by the workers, the payment of debts incurred in 1984 and 1985 and the payment of benefits. However, the other factions that are to participate in the demonstration will also voice their demands, such as the teaching bonus and the academic reform demanded by the students and the repayment of various debts owed professors. A better budget for the universities will be the basic demand.

Mobilization

Starting early on Monday, UCV workers mobilized in the main offices of Simon Bolivar, Simon Rodriguez and National Open Universities to discuss the effect of and outlook for the strike initiated last Wednesday, the 21st, in accordance with a plan for internal action outlined by the AEA [not further identified].

Groups of employees also went to the subway stations of Plaza Venezuela, Sabana Grande, Chacaito, Capitolio, Iro Petrit, Plaza Macro, Gate Negro, La Hoyada, Bellas Artes and Plaza Carabobo and to the entrances to the university campus where they distributed publicity referring to the strike.

For today, the AEA plans to assemble its members in their respective departments and offices in order to visit the classrooms for the purpose of explaining the reason for the strike and of inviting students and professors to join the university march.

Will They Suspend Classes?

Six days after the strike started, the first negative effects have begun to have an impact on UCV academic activity.

While so far no class time has been lost, some practical courses in certain departments in which the assistance of employees is required have had to be suspended and the situation is expected to worsen if the strike is prolonged, endangering the academic semester, which has already been affected by the last professors' strike.

Carlos Alvarado of the Luis Razetti School of Medicine Students Club explained that practical courses in physiology and pathological anatomy have been lost. Similar situations have arisen in the School of Computation and the Departments of Agronomy and Veterinary Science where the work of employees is indispensable to the conduct of academic activities.

Elsewhere, refuse has begun to accumulate throughout the campus and the filth is already unbearable in the bathroom, which leads us to suppose that classes may be suspended at any moment for hygienic reasons.

Culture and Education Committee

The chairman of the National Federation of Higher Education Workers of Venezuela (FENATSEV), Pedro Requena, has informed us that congressmen Jose Angel Agreda, Alirio Perez Moran and Gustavo Miranda of the congressional Culture and Education Committee received several representatives of the CIU [National Council of Universities] High-Level Commission who delivered to them a document explaining the problems university workers are experiencing and the negotiation process that has up to now been engaged in.

The chairman of FENATSEV added that Jose Angel Agreda had told him that as of that moment they intended to act as go-between to arrange for a meeting with the ministers of education and the Secretariat of the Presidency.

"Have conversations with any government agency come of this?"

"Regrettably, no. We hope that, after the CIU meeting and through the intermediary of Dr Agreda, an interview may be arranged with the ministers of education and the Secretariat of the Presidency."

Requena assured us that, according to the information he had received from the different members of FOMAPESV, the strike is being held at all the universities while the boards of directors are meeting to organize the march on Wednesday.

11,466

CSO: 3348/611

VENEZUELA

STUDENTS, WORKERS UNREST IN MERIDA, MARACAY

ULA Crisis Worsens

Caracas EL UNIVERSAL in Spanish 30 May 86 p 2-22

[Article by Asdrubal Romero of INNAC]

[Text] Merida, 29 May—University of the Andes (ULA) students have decided to adopt a series of measures to get the government to provide this institution with a budget consonant with its needs and in this way they may be able to solve the problems they are today overwhelmed with.

ULA employees maintain a permanent assembly, which is why there are no overall activities and, when it is in session, meetings between linking and other committees are recorded, meetings held on their own initiative by the employees, students, professors and workers who began the struggle for fulfillment of their respective demands.

The university council had to suspend its meeting on Wednesday because it felt that the watchwords some demonstrators were firing off were off-key.

In the face of all this the ULA is semi-paralyzed and so far there is not a glimmer of solutions to the demands the labor unions are making since the university authorities themselves have declared that the university does not have the money to meet their demands and that they will have to wait for the government to provide the institutions of higher learning with the means necessary for there to be a solution to the problems that are being raised.

Unrest at Romulo Gallegos

Caracas EL UNIVERSAL in Spanish 30 May 86 p 2-22

[Article: "Romulo Gallegos Vice Rectorate Taken Over Because of Expulsion of 16 Professors"]

[Text] Maracay, 29 May (special report)—The academic vice rectorate of Romulo Gallegos Experimental University in San Juan de los Morros has been taken over in protest against measures adopted by the university authorities.

The premises are in the hands of groups of students and instructors who are protesting the illegality of investments in campus property, presumably by people connected with the government party.

Another reason for protesting is the expulsion of 16 professors under contract without there being any real reason for this kind of measure, spokesmen for the group that is behind the protest declared.

The takeover took place this morning and is being maintained this afternoon while administration commissions and those who have taken over the vice rectorate explore the possibility of a settlement that will permit the restoration of operations on the premises of the academic vice rectorate.

11,466

CSO: 3348/611

VENEZUELA

CONGRESS INVESTIGATES POLICE CORRUPTION

Caracas EL DIARIO DE CARACAS in Spanish 28 Apr 86 p 29

[Article by Paula Giraud: "Disappearance in Venezuela"; first paragraph is EL DIARIO DE CARACAS introduction]

[Text] The discovery of the "death pits" has become the point of departure in Congress to investigate: Who "disappears" in Venezuela? How, and in whose hands, do tens of citizens "disappear?"

"The discovery of the 'death pits' should become the starting point from which to open a genuine national-level investigation of that terrible concept that has become institutionalized in Venezuela in the case of the 'desaparecidos' [literally: missing persons]. Every region has its 'desaparecidos.'" This is the way it is put by MAS Deputy Rafael Guerra Ramos, who also emphasizes that cases of "desaparecidos" have existed as much during Democratic Action governments as under COPEI governments.

"The story of the 'desaparecidos' is closely linked to police corruption--to the existence of police officials who are at the same time delinquents and criminals involved in drug trafficking, vendettas, and organized crime. No one can have an idyllic view of the police, because there is a thin line that links police units and the criminal world. We find police agents infiltrated into the underworld and the Mafia, stool pigeons, double agents, police agents in the pay of criminals, and underworld characters in the pay of the police. Links between the police and the underworld are inevitable, and this is a reality that cannot be ignored."

Guerra Ramos adds that very special attention must be focused on that "thin line" that links the police with the underworld, with a view to applying appropriate and sufficient measures. "When such appropriate measures do not exist, a process of decomposition sets in that can undermine the police units, as has been occurring."

Some Hundred 'Desaparecidos'

In the debate on the "vanishments," during regular sessions of the National Congress, mention has been made of some hundred Venezuelan "desaparecidos"

who have vanished while in the hands of the different police units. Each case history, each version, has been supported by details, dates, names supplied by the deputies taking part in the debate; and we can especially cite Orlando Fernandez's discourse of Tuesday 22 April 1986, during which he succeeded in holding the full attention of the Chamber of Deputies, because he spoke judiciously, thoughtfully and with documents in hand. Other outstanding discourses were delivered by Raul Este and Henry Bencid, and by Carlos Tablante on 17 April 1986, who said: "We can state for the record that at the fringes of our police institutions, of our government by law, and of our vanished constitutionally regulated order, gangs of assassins are operating, made up of police officials or former police officials, who are carrying on a shadowy manhunt, which, democratically, we are dutybound to denounce."

Who 'Disappears' in Venezuela?

Carlos Tablante tells us that "The citizen 'disappears' who is detained--sometimes mistakenly--for questioning because he is suspected of possessing information of value in the clearing up of an important criminal act, and who, not having withstood the instruments used by his torturers to obtain the information they seek, becomes a liability on their hands, at which point, to avoid the legal consequences, they make him 'disappear.'"

Tablante explains that those persons "disappear" who, for example, are linked to large-scale robberies of a banking institution and are arrested by unscrupulous officials who not only make the suspects "disappear" but also the loot: "Those informers 'disappear' who start working with certain groups of police officials in the weaving of a dangerous web of impunity that gradually erases the borderline between crime and the law--a web that paradoxically has those who are committing the crime also passing information to those combating it. In these cases, a guarantee of immunity is gradually forged which can only be canceled by making the informer 'disappear.'"

The MAS deputy adds that small-time hoodlums who are detained by certain police officials during pretended nationwide "cleanup" operations also "disappear," being liquidated and made to "disappear" by these officials.

He points out that Amnesty International's various reports and bulletins are beginning to refer to violations of human rights in Venezuela: In 1981, in Amnesty International's Annual Report, Pedro Jose Mantellini, who was attorney general of the Republic at the time, stated: "We are not going to deny that tortures have been committed and that 'disappearances' have occurred in Venezuela." He emphasized, however, that "such acts were generally brought to light and their authors turned over to the courts of justice." In subsequent bulletins and reports, Amnesty International expressed its concern that many of the cases reported by it had as yet neither been resolved nor clarified.

Story of Two 'Disappearances'

On Tuesday 17 April 1984, two mechanics, natives of Maracaibo, vanished mysteriously: Leonardo Enrique Bravo and Alirio Fuenmayor. A regular official of the PTJ, assigned to the Carrasquero delegation in the state of Zulia, a former PTJ agent of the mentioned police organization, and a cattleman stand accused as suspects in these two "disappearances."

The details of these two cases of citizens who have "disappeared" were gathered and personally investigated by this reporter in Maracaibo in November 1984 for an article in the 1.117 edition of the magazine BOHEMIA; current events provide a most appropriate setting for a restatement of the circumstances under which Leonardo Enrique Bravo and Alirio Fuenmayor vanished.

Zulia attorney Jose Gerardo Parra Duarte, who is handling the case of the "disappearance" of Leonardo Bravo and Alirio Fuenmayor, told me the following in November 1984: "On Tuesday 17 April 1984, at approximately 9:10 pm, citizens Norberto Machado, civilian, Julio Garcia, of the PTJ and assigned to the Carrasquero delegation, and Leonel Gonzalez, ex-PTJ, presented themselves at residence 61-21 on Street 82 B of the Alberto Carnevalli district, and requested the presence of citizens Leonardo Enrique Bravo Moreno and Jesus Alirio Fuenmayor, who at the time were repairing a vehicle that had a mechanical fault. What is certain in the case is that, from that moment on, Bravo and Fuenmayor have disappeared."

Members of Leonardo Bravo's family stated to the Maracaibo press (18 June 1984) that he had been shot to death and that Alirio Fuenmayor had been drowned. Exeario Enrique Bravo and his wife Lucila Sanchez de Bravo told the Maracaibo press that on the night of 17 April 1984 a car, in which Leonel Gonzalez, Norberto Machado and PTJ official Julio Garcia were riding, had arrived at residence number 61-21 on Street 82 B of the Alberto Carnevalli district. According to the version of Leonardo Enrique Bravo's relatives, the first to be detained was Leonardo, at whom Machado pointed a pistol and ordered him to get into the car, saying that he was wanted at the PTJ delegation for questioning. "Then they went for Jesus Fuenmayor, who had been a witness when several unknown persons had robbed Norberto Machado; and what we believe is that the two were detained for information as to the identities of the robbers, whom they did not know. Fuenmayor had gone to a neighboring store to buy some beers, and as he went by the shack he saw the robbery and said to Leonardo: 'Hey, somebody's robbing in that house!' This remark was heard by Leonel Gonzalez Pineda who told it to Norberto Machado; Machado later went to get Julio Garcia to accompany them and do away with the two."

The Other Version of the Two 'Disappearances'

The "disappearance" of Leonardo Bravo Moreno and Jesus Alirio Fuenmayor on 17 April 1984 justified the presence in the state of Zulia, in connection with that case, of a Congressional committee headed by Henry Ramos, Hector

Alonso Lopez and Gustavo Guizandez. According to some sectors, this mysterious case has ramifications reaching to the border with Colombia and having to do with car thefts. Attorney Jose Gerardo Suarez, who is handling the case of both the "desaparecidos," has indicated to the Zulia press that the person alleged to be responsible for the "disappearance" of Bravo and Fuenmayor is the PTJ official: "It would be unprecedented were we to be in the presence of a death squad that takes unto itself legal attributions to which it is not entitled and that goes about executing people and making them disappear just like that."

How Does One Disappear in Venezuela?

The state of Zulia heads the list in number of prisoners who have "disappeared." As Carlos Tablante points out, this region has gradually become virtually an organized crime stronghold, and in recent months alone--according to information provided by the deputy director of the PTJ to the Congressional committee that has been investigating the "death pits"--there have been reports of 28 citizens who have "disappeared," and whose families allege, for the most part, that they have been made to "disappear" by one or more officials of police units.

But the story of the "desaparecidos," as Carlos Tablante points out, is not confined to the state of Zulia; it involves other parts of the country as well. There is Bolivar, where seven arrested citizens have "disappeared," and where their relatives have reported this to the different organizations legally qualified to deal with the matter throughout the jurisdictional area of the state of Bolivar. As the press has reported, based on the lists provided by Congress, there are cases of "desaparecidos" in Portuguesa, Aragua, Lara, Falcon, and Carabobo, in addition to one case of an arrested person who has "disappeared" in Caracas and another one in Merida.

The story of the "desaparecidos"--of the "death pits"--as we pointed out at the beginning of this article, is closely linked to police corruption; and as Carlos Tablante points out: "We believe that the citizens who have been arrested and made to disappear, treated inhumanely and in violation of all constitutional guaranties--the citizens who have been assassinated by certain groups of police officials--have not been murdered by Democratic Action, nor by COPEI; nor have they been murdered by this Government or the previous one. We are dealing with a situation that has evolved because of a system that is not functioning properly; and we who make up the different governing entities of the nation are duty-bound to take the concrete actions required to detect the faults, correct them and overcome them."

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VENEZUELA

BRIEFS

FAV TO MANUFACTURE PLANE--Gen Raul Fernandez waited till Gen Candido Farias stepped down from the Tacarigua plane after testing it before a group of military and civilian guests. Only then did he talk about plans to build a plane in Venezuela that can be used by farmers to reach their farms and spray their crops, and by the Air Force for basic training. The plane tested at Maracay on Thursday the 18th was a version of the Henriot which in 1920 was the pride of the FAV. The Air Force Technical School located the plans in Italy and has built a slightly modified version able to be equipped with a more powerful engine. But its maneuverability and safety are the same as those of the original model built in Italy 65 years ago. Of course, the difficulties involved in this project were greater than they would have been to build a contemporary plane, since materials had to be recreated that are no longer found on the market. But the purpose of this project was specifically to demonstrate the capabilities of the Venezuelan operators. This done, the commander of the FAV, General Fernandez, commented on the talks that have been held with Venezuelan and foreign industrialists interested in manufacturing the multi-purpose Venezuelan plane, which will be exportable to Caribbean and Central American countries where Venezuela has special commercial access. The FAV's negotiations are following the same line of approach that led to the exchanging of Venezuelan oil for Tucano planes, with which the F-16 pilots will be trained. These planes had already been budgeted for, but the FAV, acting on instructions from the executive branch, prepared the groundwork for Brazil's acceptance of the exchange of its planes for Venezuela's oil. Thus, Brazil will triple its purchases of Venezuelan oil, leaving the way open for the exchange arrangement to continue in categories like Brazilian farm tractors, once the Tucanos are paid for. "Simply put," said General Fernandez, without seeming to give the matter much importance, "we, the Armed Forces, realize that we must work with the country's economic reality in mind." [Text] [Caracas ZETA in Spanish 28 Apr 86 p 27] 9238

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